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Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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June 17, 2008

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

### **DEFINED CONTRIBUTION PROGRAM THIRD PARTY ADMINISTRATOR AND TRUSTEE CONTRACTS (ALL DISTRICTS) (3 VOTES)**

#### **SUBJECT**

Recommendation to award a competitively bid contract for third party administrative (TPA) services and trustee services for the County's defined contribution plans.

#### **IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the selection of Great-West Retirement Services (Great-West) as the third party administrator (TPA) and Wells Fargo Bank, NA (Wells Fargo) as the trustee for the Deferred Compensation and Thrift (Horizons) Plan, Savings Plan, Pension Savings Plan, and Termination Pay Pick-Up Plan for a five-year term commencing July 1, 2008, with an option to renew for up to two additional years.
2. Instruct the Chief Executive Officer to notify Management Applied Programming, Inc. (MAP) and the Bank of New York, that: a) effective July 1, 2008, the County will begin transitioning responsibility for TPA and trustee services for the Pension Savings Plan from MAP and the Bank of New York, respectively, to Great-West and Wells Fargo, respectively, b) that such transition is to be completed as soon as practicable, but no later than November 1, 2008, and c) that the County will terminate its contracts with MAP and the Bank of New York upon completion of the transition process.

Board of Supervisors  
GLORIA MOLINA  
First District

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Second District

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Third District

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Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

3. Instruct the Auditor-Controller and Treasurer and Tax Collector to assist the Chief Executive Office, as needed, to ensure the complete and accurate transfer of the Pension Savings Plan records affected by this action.
4. Instruct the County Counsel to prepare the contracts with Great-West and Wells Fargo necessary to implement the recommendations, and instruct the Chair to sign such contracts.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

TPA services for the Horizons Plan, Savings Plan, and Termination Pay Pick-Up Plan are currently provided by Great-West. The current contract with Great-West expires on June 30, 2008, with provision for month-to-month extensions if additional time is needed to select a successor TPA. The purpose of the recommended action is to obtain your Board's approval for a new five-year agreement with Great-West, commencing July 1, 2008, based on the results of a competitive Request for Proposal (RFP) process. We are further recommending that the new contract provide for optional contract extensions of up to two additional years for a total potential contract term of seven years. If granted, the optional extensions would require additional Board approval at the time they were granted. Lastly, we are recommending that the contract with Great-West be expanded to include the Pension Savings Plan, thereby consolidating the services for the County's defined contribution plans under one TPA.

#### **Need for TPA expertise**

Great-West has provided TPA services for the County's defined contribution plans since 1997 when its initial contract was approved by your Board following a competitive RFP process. The initial contract term spanned five years. Two contract extensions of three years each were subsequently authorized by your Board in 2002 and 2005. At the time of the 2005 extension, the Chief Administrative Officer was instructed to conduct another RFP process prior to the next contract term. The RFP process we have just completed fully conforms with that direction.



The Horizons Plan, Savings Plan, and Termination Pay Plan generate the preponderance of need for TPA services. Great-West currently provides TPA services to all three of these plans. In the aggregate, these plans cover approximately 85,000 participants and \$5.9 billion in accumulated assets. The break-down by Plan is as follows:

	HORIZONS PLAN	SAVINGS PLAN	TERMINATION PAY
Total Assets	\$4.6 billion	\$1.3 billion	\$ 6.6 million
No. of Participants	73,470	11,400	217
Investment Options	16	15	1
	(includes 5 pre-assembled)	(includes 3 pre-assembled)	

In an average month, Great-West handles more than 180,000 participant inquiries/transactions.

The County utilizes a qualified TPA to provide contracted services because of the professional expertise, specialized systems, and commercial experience necessary to perform the services these plans require. Record keeping is arguably the most fundamental core function a TPA can provide. The TPA record-keeper is responsible for maintaining the accuracy of each participant's investment accounts, which are valued on a daily basis under these programs. The record-keeper also processes all of the daily financial transactions that take place under these plans including investment trading actions by participants, changes in deferral amounts, asset distributions, including hardship withdrawals, and the administration of loans.

### **Reduced Fees**

TPA costs for the Horizons Plan, Savings Plan, and Termination Pay Plan are fully paid by administrative fees charged to the accounts of the participants. Under the proposed Great-West contract, those fees would decrease by approximately 25% or \$1.2 million per annum in the aggregate. The current and proposed fee structure is as follows:

	Annual per Participant Fee			Estimated Annual Cost		
	Current Contract	Great-West Proposal	% Change	Current Contract	Great-West Proposal	Reduction in Cost
Horizons Plan	\$52.32	\$39.20	-25%	\$4,000,000	\$3,000,000	\$1,000,000
Savings Plan	\$59.76	\$43.90	-27%	\$724,000	\$527,000	\$197,000
Termination Pay Pick-Up Plan	\$36.00	\$34.00	-6%	\$7,600	\$7,100	\$500
			Total:	\$4,731,600	\$3,534,100	\$1,197,500

TPA compensation is currently limited to the fees charged to participants. Great-West is contractually prohibited from receiving any other revenue from any other source in connection with these plans. This requirement would continue under the new fee structure.

### **Pension Savings Plan**

The Pension Savings Plan is a defined contribution plan specifically designed for part-time, seasonal, and temporary employees who are not eligible to participate in the County's defined benefit (LACERA) retirement program. Public entities, like the County, that have withdrawn from Social Security are mandated by federal law to provide this type of benefit to employees not otherwise eligible for other employer sponsored retirement benefits.

The administration of the Pension Savings Plan is currently handled by a combination of contracted services from MAP and in-house services from two employees in the Department of Human Resources (DHR). DHR staff essentially provide "customer service" that includes, among other things, handling participant telephone calls/complaints, recording address changes, recording contribution deferral changes, issuing distribution payments to participants, reconciling bank statements, and effectuating plan to plan transfers to the Horizons plan or other qualified external plans. MAP, on the other hand, maintains an electronic record of each participant's account. MAP interfaces with the County's payroll system to track the monies going into each account and posts the related investment return.

All temporary and part-time employees eligible for the Pension Savings Plan (the Plan) are automatically enrolled in the Plan. At present, there are approximately 27,000 participant accounts and \$120 million in assets in the Plan. There is only one investment fund in the Plan. This is a "stable value" type of investment fund where the expectation is modest returns in exchange for little to no risk of loss of capital.

To keep the Pension Savings Plan returns from being too low, the County has historically paid for the full cost of administration. The County pays for the costs of the DHR staff servicing the Plan, and it pays for the costs of MAP's services, including the trustee bank utilized by MAP, the Bank of New York. Total costs for both contract and in-house services are currently estimated at \$23 per annum per participant.

The current contract with MAP was originally approved by your Board in 1992. It is an "evergreen" contract with no termination date, but it may be cancelled by the County for convenience with 90 days notice. We are recommending that the necessary notice be

provided to MAP and that the new contract with Great-West incorporate the services currently provided by both MAP and DHR. The trustee bank services would likewise be moved to Wells Fargo. Total costs for the administration of the Plan would remain constant at \$23 per annum per participant at the outset of the new contract term.

Consolidating all TPA services under one umbrella would streamline the process and improve service levels for Pension Savings Plan participants. For example, Pension Savings Plan participants would have internet access to their accounts in similar fashion to the access enjoyed by Horizons and Savings Plan participants. Moreover, many temporary, part-time, and seasonal employees eventually become permanent full-time County employees eligible for the Horizons Plan. Where this occurs, there is a need to transfer assets to the Horizons Plan, and that process would be greatly facilitated by a single TPA.

DHR would continue to have oversight responsibility with regard to the Pension Savings Plan. The two staff members who would be displaced are full-time employees who work less than full-time on Pension Savings Plan issues. They would be assigned to other work within DHR.

### **Termination Pay Pick-Up Plan**

The Termination Pay Pick-Up Plan is the fourth County sponsored defined contribution plan that requires TPA services. This is a separate 401(a) plan set-up specifically to receive tax deferred contributions from termination pay. This Plan applies to represented employees only. Although a similar program was approved for non-represented employees through amendment to the Savings Plan, the Termination Pay Pick-Up Plan is limited to represented employees.

In 2006, we informed your Board that the Termination Pay Pick-Up Plan, and the parallel Savings Plan provisions, were being suspended on a going forward basis due to oral notification from the IRS, that it was reversing its longstanding position on Internal Revenue Code provisions key to the legal viability of these programs. We further advised that we were waiting for additional guidance from the IRS. Unfortunately, nothing has changed, and we are still waiting for that guidance.

We have approximately 200 employees who transferred money into the Termination Pay Pick-Up Plan before it was put into a state of suspension. Great-West currently provides the TPA services for this Plan, and that would continue to be the case under the proposed contract. As with the Horizons Plan and Savings Plan, all TPA costs for the Termination Pay Pick-Up Plan are charged to the participants. There is no County cost.

Although we are still waiting for IRS guidance on the Termination Pay Pick-Up Plan, in January of this year, your Board approved alternative changes to the Horizons Plan and Savings Plan that also provide for tax deferred contributions from termination pay. Unfortunately, these changes may not apply to the aforementioned 200 employees. For all other eligible employees, the recent changes limit the deferral amounts to the same annual limits that otherwise apply to regular salary deferrals under the Horizons and Savings Plans. In this instance, however, we have the comfort of knowing the program operations conform with published IRS regulations.

### **Request for Proposal Process**

The RFP was released on November 2, 2007 and distributed to TPA's servicing large "jumbo" government and corporate clients where the aggregate assets are in excess of \$1 billion. This included Great-West and MAP as one of the two incumbent contractors for the current program. The RFP scope of work covered all of the TPA services associated with the Horizons Plan, Savings Plan, and Termination Pick-Up Plan, as well as the Pension Savings Plan services currently being performed by DHR and MAP.

A six-person joint union/management evaluation committee was established consisting of three union and three management representatives. Mercer was retained to assist the evaluation committee by developing the necessary evaluation instruments, providing current background information on the bidders, and functioning as the RFP contact intermediary to help maintain the evaluation committee's impartiality.

Qualified proposals were received from CitiStreet, Great-West, and Nationwide Retirement Solutions (Nationwide). The related trustee banks were State Street Bank and Trust Company, Wells Fargo, and Nationwide Trust Company FSB, respectively. No response was received from MAP.

The evaluation committee conducted a thorough evaluation of the proposals in accordance with the evaluation criteria set out in the RFP document. The areas evaluated included firm qualifications, participant services, record keeping and administration capabilities, and fees. The evaluation process included formal in-person interviews and an evaluation of feedback from each firm's references.

Great-West received the highest number of total points and was ranked first among the qualified proposals. The evaluation committee unanimously recommended Great-West and its attendant trustee bank, Wells Fargo.

### **No Appeals or Protests**

All three proposers were notified that the Chief Executive Office would be recommending Great-West for the new contract term. MAP was also notified although it submitted no proposal. Each firm was provided the opportunity to exercise its appeal and protest rights through the Countywide Services Contract Solicitation Protest Policy. CitiStreet, Great-West, and Nationwide each requested and received a debriefing on the evaluation of their respective proposals. Following the debriefings, we received no appeals or protests.

### **Survey of Other Public Entity Practices**

In 2005, when your Board approved the last extension of the current Great-West contract, it also instructed the Chief Administrative Officer to review the fees charged for TPA services by other public entities. Toward this end, the Chief Executive Office retained Mercer to conduct a pre-RFP survey of five large government defined contribution plans. The survey focused on fees and services, and the identification of "best practice" benchmark services.

The Mercer survey shows that TPA fees can vary due to the level of required services, plan complexity and participant population in any given plan. However, it is reasonable to conclude that the County's current TPA fees are very competitive based on the survey data. As noted above, those fees would decrease by approximately 25% under the proposed Great-West contract. Therefore, they would be low in relation to the survey data on a going forward basis.

The survey also found that many defined contribution plan best practices are already in place under the current Great-West contract. Examples of best practices include utilization of local field and call center representatives that are specifically dedicated only to the County's Plans, use of a flat per participant fee versus asset based fees, and transparency in financial accounting and reporting through the use of separate accounting ledgers dedicated exclusively to the County's Plans.

A complete copy of the Mercer survey is shown in the Attachment.

### **Implementation of Strategic Plan Goals**

The actions recommended in this letter promote workforce excellence by improving employee morale, by reducing the ongoing administrative cost to participate in the defined contribution plans, and consolidating defined contribution plan servicing under a single full service qualified provider.

### **FISCAL IMPACT/FINANCING**

These recommendations would result in no increase in County cost. As noted above, the TPA costs for the Horizons Plan, Savings Plan, and Termination Pay Plan are paid by administrative fees charged to the accounts of the participants. Those charges would be reduced by approximately \$1.2 million per annum. TPA costs for the Pension Savings Plan are currently, and would continue to be, paid by the County, and the scope of those services would be somewhat broader under the new Great-West contract. Overall, however, the costs of administering the Pension Savings Plan would remain constant.

Fees paid to Great-West after the first year of the contract would be subject to cost-of-living adjustments in accordance with Board approved policy. This would essentially limit the adjustments to the lesser of the movement in the Consumer Price Index or general salary adjustments for County employees, if any.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Federal law requires defined contribution plans to be placed under trust with the primary responsibility of safekeeping plan assets for the exclusive benefit of the participant and his or her beneficiaries. Trustee banks, which are federally regulated, work with the TPA to make sure the investment of plan assets is permissible under the terms of the plan and the law, and that the actions necessary to execute investment transactions are performed. It is standard industry practice to have the TPA identify a trustee bank that is familiar with the TPA's internal systems and financial controls.

Wells Fargo is the trustee bank currently used by Great-West and that relationship would continue under the proposed contract. There is no County cost for trustee services as those costs are included in the TPA fees charged to plan participants. However, we estimate the value of these services at approximately \$10,000 per annum.

In the case of the Pension Savings Plan, the trustee used by MAP has been the Bank of New York. Consistent with the transition of Pension Savings Plan TPA services to Great-West, trustee services for this Plan would transition to Wells Fargo.

### **IMPACT ON CURRENT SERVICES**

The proposed contracts with Great-West and Wells Fargo would become effective July 1, 2008. Given that Great-West is the current TPA for the Horizons Plan, Savings Plan, and Termination Pay Pick-Up Plans, this would be a completely seamless transition. Other than a lowering of fees, there would be no noticeable change for the plan participants.

Honorable Board of Supervisors  
June 17, 2008  
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With regard to the Pension Savings Plan, there would be a transition period of up to four months. Great-West and Wells Fargo would not immediately assume responsibility for the Pension Savings Plan. The four month period would be necessary to transition Pension Savings Plan assets and account details from MAP to the Great-West recordkeeping system and trust responsibilities from the Bank of New York to Wells Fargo.

Great-West will not begin charging a TPA fee in connection with the Pension Savings Plan until the transition is complete. In the meantime, DHR, the Bank of New York, and MAP will continue providing the current level of administrative, trust and recordkeeping services to the Plan. The conversion will be completed by November 1, 2008.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:SRH:DL  
WGL:DT:df  
Attachment

c: Auditor-Controller  
Treasurer and Tax Collector  
County Counsel  
Director of Personnel  
Horizons Plan Administrative Committee  
Savings Plan Administrative Committee  
Pension Savings Plan Administrative Committee  
Termination Pay Pick-Up Plan Administrative Committee  
Coalition of County Unions  
SEIU, Local 721  
Guild for Professional Pharmacists  
Los Angeles County Association of Environmental Health Specialists  
Peace Officers Counsel of California Association of Public Defender Investigators  
Professional Peace Officers Association  
Union of American Physicians and Dentists, AFSCME, AFL-CIO  
Great-West Retirement Services  
Wells Fargo Bank, NA  
Bank of New York  
Management Applied Programming Inc.

September 2007

# **Defined Contribution Plan Survey**

## **County of Los Angeles**

**MERCER**

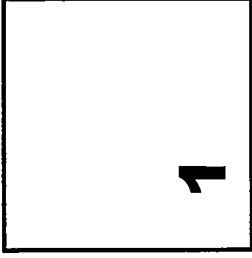
Human Resource Consulting





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## Executive Summary

The Chief Executive Office retained Mercer in July 2007 to assist with developing a request for proposals (RFP) for third party administrative services to the Horizons, Savings, Deferred Earnings, Pension Savings, and Termination Pay Plans (collectively known as the “Defined Contribution Program” or “Plans”). The RFP process allows the County to consider the terms under which other service providers can deliver comparable or improved services and often offers an opportunity to enhance service with the current provider. The CEO requested Mercer to develop an RFP strategy that would enable the County to understand “where we are today”, by benchmarking services and fees of comparable government defined contribution plans, and incorporating those findings into a comprehensive RFP.

The responses from the survey reflect the Defined Contribution Program is currently receiving administrative services and fees that are competitive to those provided to comparable government defined contribution plans. The following are key observations of what may be considered current best practices for jumbo plans (>\$1 billion in assets):

- Local service center: Centrally located office available for appointment and walk-in service.
- Call center and field representatives: Strictly dedicated to the plan and does not service other TPA clients. Compensation through a salary. Representatives are prohibited from receiving commissions.
- Communication materials: If provided by TPA, materials should be designed for the plan and its participant population demographics. A retirement plan may obtain a higher level of customization by segregating communication services for a separate competitively bid contract.

- Investments. Participant investment menu limited to 20 or fewer investment options to minimize participant anxiety and confusion. Provide optional self-directed brokerage window for sophisticated participants. Separate accounts or commingled funds frequently offer lower investment management fees and may allow the plan to place specific investment restrictions. ie. Parameters for risk exposure and allocation limits, inclusion of variable(s) for social responsibility, etc.
- Fee structure. Flat per-participant fees instead of asset-based fees. Per-participant fees are generally more reflective of the costs of servicing participants – since everyone in the plan receives the same services per-participant fees are considered more equitable. By contrast, asset-based fees are more variable based on the amount of assets resulting in participants with larger accounts balances paying more for the same level of service a participant with a lower account balance receives. Jumbo plan TPA expense as a percentage of total assets averaged 0.08%.
- Investment management expense rebates and other reallowances. Affected participants invested in the fund should receive the investment management expense rebate/reallowance returned by the fund manager.
- Plan-level Revenue. Revenue generated by Plan-level activities used to subsidize/offset participant costs (i.e. securities lending).
- Financial transparency. TPA segregates the plan from other clients through a separate ledger or accounting system and provides monthly reconciled reports.

## Comparable Plans

Mercer conducted a review of the County Plans to establish characteristics that would be used to identify comparable government plans. The five County Plans that make up the County Defined Contribution Program are briefly described as follows:

457 (Horizons Plan) – Full-time permanent employees are eligible to participate with a dollar-for-dollar match up to 4% of regular earnings with immediate 100% vesting. The match for represented employees is subject to a negotiated aggregate cap.

401(k) (Savings Plan) – Available to full-time permanent non-represented employees. Employees are eligible for a dollar-for-dollar match up to 4% of compensation with a vesting schedule (20% per year).

401(k) (Deferred Earnings Plan) – The Plan currently has no employees eligible to participate with ongoing contributions. A merger with the Savings Plan is anticipated in the near future.

457 (Pension Savings Plan) – The Plan is a Social Security offset program restricted to employees ineligible to participate in the County's defined benefit program, primarily part-time, seasonal, and temporary employees. Participation is mandatory with a 4.5% employee contribution and a 3% employer contribution.

401(a) (Termination Pay Plan) – The Plan is designed to pick-up unused accrued vacation, sick, and holiday pay upon termination of County service. Through communications with the IRS over multiple years and based on the most recent communications, the County has been notified that these pick-up contributions will not be permissible. The County is in continuing discussions with the IRS regarding the status of this Plan.

Mercer identified five public agencies whose defined contribution plan(s) were comparable with respect to plan type, asset size, participant population, and complexity. The table below identifies the comparable organizations and a few relevant statistics.

	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
Plan types	457, 401(k), PST, suppl. 401(k), 401(a) term pay plan	457, 401(k), PST, 401(a) ARP	457, PST	457, 401(k), 401(a) match, 403(b)	457, 401(a) match	457, 401(k), Roth 401(k), 401(a) match, deemed IRA
Eligible EE's (457 Plan)	92,000	215,000	48,000	82,000	59,000	325,000
Participation	63%	34%	60%	51%	68%	32%
Total Assets (all Plans)	\$5.8 B	\$6.7 B	\$2.8 B	\$2.3 B	\$1.4 B	\$8.2 B
Average Account (457 Plan)	\$61,644	\$43,333	\$70,000	\$40,000	\$19,643	\$68,142
TPA	Great-West	Nationwide	Great-West	Nationwide	CitiStreet	Great-West

PST = Part-time, seasonal, & temporary employee plan

ARP = Alternate Retirement Program designed as a 414(h) pick-up Plan

Mercer contacted each of the agencies, who all agreed to participate in this survey using plan information as of 12/31/06. Completed surveys were received in August 2007. The responses provided information regarding plan size, participation, contributions, services provided by the TPA, participant servicing models, number and type of investments utilized, governance structure, and fees.

Select observations from the comparison plan information is provided below.

## TPA Services

The comparison plans indicated that in most situations the services provided by the TPA include group and one-on-one counseling for participants, a local office, a call center, a customized website, and assistance with administrative functions such as domestic relations orders and hardship withdrawal applications. Two of the comparable plans produce part or all of the defined contribution plan communication materials internally, while the others rely on the TPA for development of communication materials.

## Dedicated Representatives

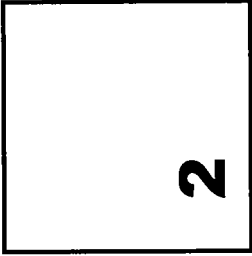
Each jurisdiction provided information about the client service representatives committed to their plan(s). The results indicated that while all plans surveyed had a local office, half of them were rented by the TPA and half were provided by the plan sponsor at no cost. Most plans utilize a call center located at the home office, but the City of New York uses a dedicated call center staff in its local office. Finally, the comparison plans reported a broad range of on-site education representatives being used with the lowest being 3 representatives and the highest being 14 representatives to provide in-person education services for participants.

## TPA Fees

TPA fees are a function of the services provided by the TPA, and as indicated by the survey responses the services often vary from plan to plan. With that in mind, the table below indicates the total amount each comparable plan indicated it paid for TPA services during 2006. It also includes a calculation of this cost relative to the number of participants in the Plans which includes in-service and terminated/retired employees. This indicates that the County's fee structure was competitive even prior to issuance of the RFP.

	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
Cost for TPA services	\$4,748,400	\$5,234,162	\$2,316,000	\$5,200,000	Not provided	\$6,750,000
457 + 401(k) participants	83,900	132,000	40,000	67,000	56,000	132,000
TPA cost/ participant count	\$56.60	\$39.65	\$57.90	\$77.61	\$56.00 <sup>1</sup>	\$51.14

<sup>1</sup>Missouri did not provide a total 2006 cost for TPA services, but did indicate fees are \$56 per participant.



**Details of Study of Comparable Plans (Based on plan information as of 12/31/06)**

The following pages reflect the responses from each of the comparable plans in table format with Mercer's observations.

## Demographics of Plans

## Eligible and Contributing Participants

Eligible Employees	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
457 Plan	92,000	215,000	48,000	82,000	59,000	325,000
401(k) Plan	12,200	215,000		82,000		350,000
401(a) Plan	0	16,000		53,000	56,000	1,300
403(b) Plan				Not available		
Other	8,400 (PST) <sup>1</sup>	95,000 (PST)	4,800 (PST)			350,000 (IRA)

<sup>1</sup>County also has a 401(k) Deferred Earnings Plan with zero eligible employees.

Actively Contributing	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
457 Plan	58,200	44,000	29,000	18,000	40,000 <sup>1</sup>	104,000
401(k) Plan	8,400	50,000		26,000		19,000
401(a) Plan	0	13,000		42,000	40,000	0
403(b) Plan				350		
Other	8,400	18,000 (PST)	4,800 (PST)			Not available (IRA)

<sup>1</sup>Missouri demographics reflect 12/31/2004 because active/inactive status not currently available due to plan transition

Shaded areas indicate plan type not offered



## Plan Participation and Employer Contributions

Core Participation	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
457 Plan	63%	34% <sup>1</sup>	60%	51% <sup>2</sup>	68%	32%
401(k) Plan	69%					5%

<sup>1</sup>California participants are eligible to contribute to 457 and/or 401(k); using unique SS#, participation is approximately 34%

<sup>2</sup>Maryland participants are eligible to contribute to 457 and/or 401(k); using unique SS#, participation is approximately 51%

Employer Contributions	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
457 Plan	4%; dollar for dollar	N/A	N/A	N/A	N/A	N/A
401(k) Plan	4%; dollar for dollar	N/A		N/A		N/A
401(a) Plan	N/A	N/A		Dollar for dollar up to \$300/year	Dollar for dollar up to \$600/year	\$300 if contribute 1% <sup>1</sup>
403(b) Plan				N/A		
Other	4.5% EE + 3% ER	7.5% from EE	4.5% EE + 3% ER			N/A

<sup>1</sup>Match in City of New York effective 7/1/07 for active members of the Lieutenants' Benevolent Association only.

## Observations

- The County has a high participation rate in comparison to the survey respondents. This is true even when compared only to the Plans with a match in place.
- Mercer's experience is that state plans typically have lower participation rates than City/County plans due to the expanded geographies that can make marketing more difficult.

### Average Assets per Participant

Total Participants	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
457 Plan	73,000	90,000	40,000	30,000	56,000	113,000
401(k) Plan	10,900	89,000		37,000		19,000
401(a) Plan	230	16,000		Not available	Not available	Start-up in 2007
403(b) Plan				900		
Other	27,200 (PST) <sup>1</sup>	96,000 (PST)	Not available			Not available (IRA)

<sup>1</sup>County also has 600 participants in 401(k) Deferred Earnings Plan

Total Assets	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
457 Plan	\$4,500,000,000	\$3,900,000,000	\$2,800,000,000	\$1,200,000,000	\$1,100,000,000	\$7,700,000,000
401(k) Plan	\$1,200,000,000	\$2,700,000,000		\$ 900,000,000		\$ 500,000,000
401(a) Plan	\$ 7,000,000	\$ 24,000,000		\$ 121,000,000	\$ 300,000,000	Start-up in 2007
403(b) Plan				\$ 75,000,000		
Other	\$ 120,000,000 <sup>1</sup>	\$ 63,000,000	\$ 51,000,000			\$ 10,000,000

<sup>1</sup>County also has \$60 million in 401(k) Deferred Earnings Plan

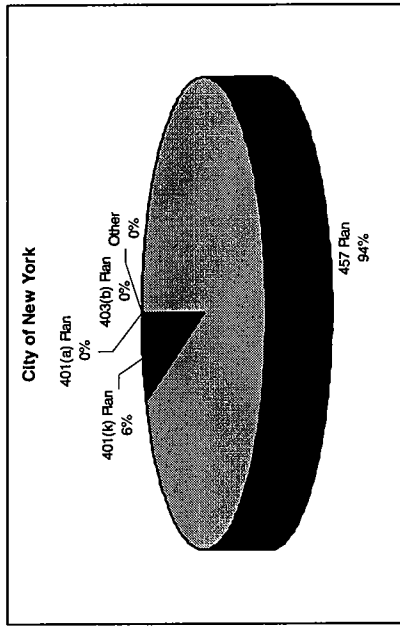
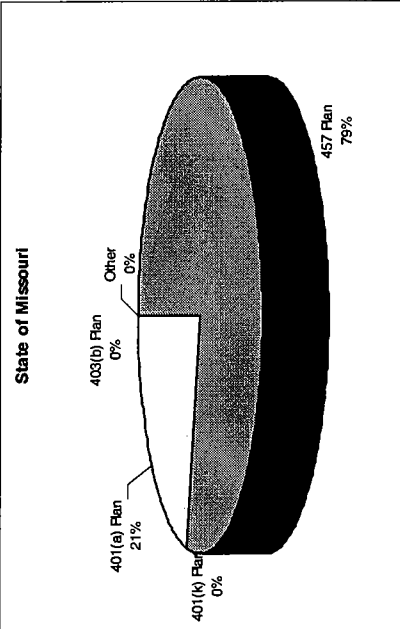
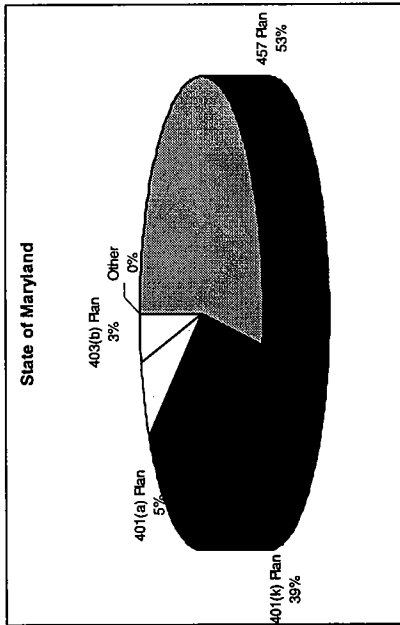
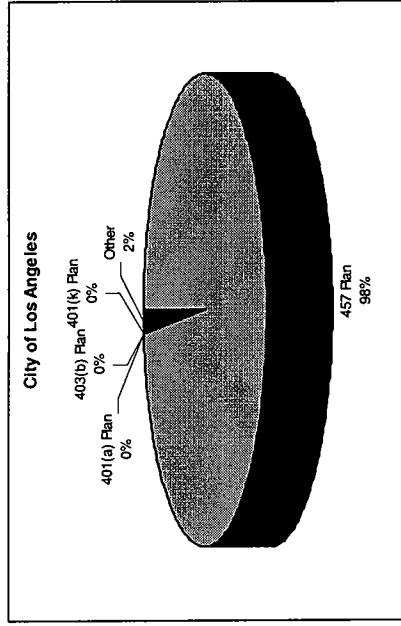
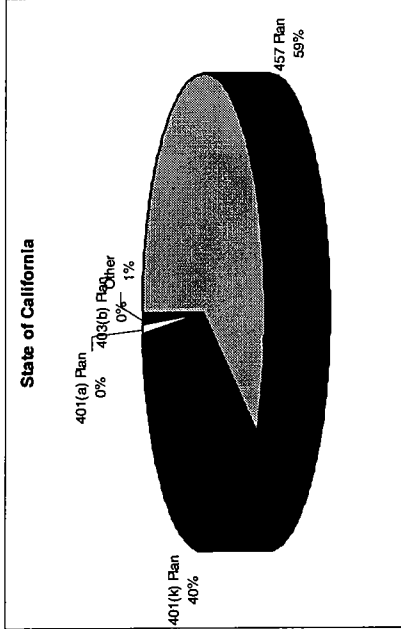
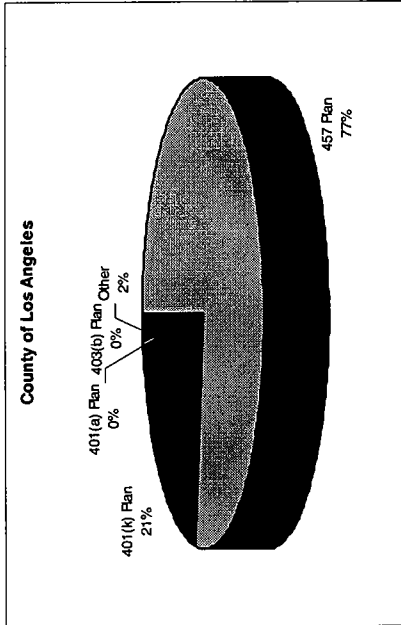
Average Assets per Participant	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
457 Plan	\$61,644	\$43,333	\$70,000	\$40,000	\$19,643	\$68,142
401(k) Plan	\$110,092	\$30,337		\$24,324		\$26,316
401(a) Plan	\$30,435	\$1,500		Not available	Not available	Start-up in 2007
403(b) Plan				\$83,333		
Other	\$4,412	\$656	Not available (PST)			Not available (IRA)

## Observations

- The County has relatively high average account balances. This is particularly notable since plans with a match in place often experience lower average account balances due to many participants contributing the minimum amount needed to get the match. The average account balance in the 401(k) Savings Plan is quite high at approximately \$110,000.

## Assets by Plan Type

While some 401(k) plans are of significant size, the majority of plan assets are held in the 457 Plans.



## TPA Services

Each survey respondent was asked to identify the parties that provide varied services.

	County of Los Angeles			State of California			City of Los Angeles			State of Maryland			State of Missouri			City of New York		
	TPA	Plan	Other	TPA	Plan	Other	TPA	Plan	Other	TPA	Plan	Other	TPA	Plan	Other	TPA	Plan	Other
Local office	TPA rents			No cost	X					TPA rents			TPA rents			No cost		
Group meetings	X			X						X			X			X		
One-on-one meetings	X			X						X			X			X		
Call center	X			X						X			X			X		
Communications (written)	X			X	X					X			X				X	
Plan document and SPD	X				X			X					X				X	
Website	X			X				X		X			X			X		
Trustee services			X			X			X		Self trust							X
Plan audit			X		X			X				X	X					X
QDROs	X	X		X	X			X		X			X				X	
Hardship distributions	X	X		X				X					X				X	
Investment advice			N/A						N/A									N/A
Managed accounts			N/A						N/A				X					N/A

## Observations

- The TPA for the City of New York does not provide written communications. This is a significant cost driver for TPAs.
- While advice and managed accounts have been the subject of much discussion in the DC market, most of the comparison plans do not offer these services (Missouri is the exception).

## Participant Servicing

	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
Local office	TPA rents	Provided by plan sponsor at no cost	Provided by plan sponsor at no cost	One TPA rents and one plan sponsor	TPA rents	Provided by plan sponsor at no cost
On-site servicing staff	4.5 TPA reps	3 TPA reps	4 TPA reps	3 Plan sponsor + 11 TPA reps	8 TPA reps	On-site at plan admin office (3) <sup>1</sup>
Call center	Dedicated services at home office	Dedicated services at home office	Shared services at home office	Shared services at home office	Dedicated services at home office	Dedicated services at local office

<sup>1</sup>New York City has TPA staff on-site for participants to visit the local office, but the three staff providing group meetings are not employed by the TPA

## Observations

- Dedicated call center representatives are generally more expensive than sharing call center staff with other plans, although they are still common among some large plans such as the County. Dedicated call center representatives may also be more likely to be responsive to participant inquiries because they can focus on a single client's plan design.
- On-site representative counts are typically higher among state plans that need to cover a larger geography.

## Investments

Each respondent indicated the following investment options offered. Unless otherwise indicated, the same investment options are offered in all plans.

	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
Mutual Funds	5 <sup>1</sup>	5 + 5 risk based funds	14	16 + 11 target maturity funds	30	None
Separate account or commingled fund	5 + 5 risk based portfolios	10	4 + 3 risk based portfolios	One	One	7 + 12 target maturity portfolios
Brokerage window (utilization)	No	Yes	Yes (4%)	No	Yes	Yes (< 1%)

<sup>1</sup>Investments outlined for 457 Plan; 401(k) Plan has 10 mutual funds plus 2 separate accounts and 3 risk portfolios

## Governance Structures

	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
Board	457 & 401(a) – Committee with 4 union representatives, and a Board appointee and a Board appointee	Director serves as sole fiduciary	Board established by governance; some positions held by virtue of position (Treasurer, GM Personnel Dept, etc.)	8 person appointed Board of Trustees	Board of Trustees for State Employees Retirement Plan + 2 members from appointed by Governor <sup>1</sup>	7 person appointed Board
Committee(s)	Respective Committee makes all administrative decisions for its Plan	Investment committee	Investment & Plan Governance committees	Investment & Audit committees	Did not indicate	Investment committee
Plan sponsor staff	CAO + 6 full time equivalents	Administrator + 26.5 full-time equivalent	Plan Manager + 3.5 full-time equivalent	Executive Dir + 13 full-time employees	Executive Dir + one coordinator	Executive Dir + 8 full-time employees

<sup>1</sup>Two members appointed by Governor from recently discontinued Deferred Compensation Commission

## Observations

- Plan sponsor staff at the County appears to be efficient relative to the survey respondents
- Management of the Missouri Plan recently transitioned from the Deferred Compensation Commission through the Office of Administration to the Missouri State Retirement System (MOSERS)

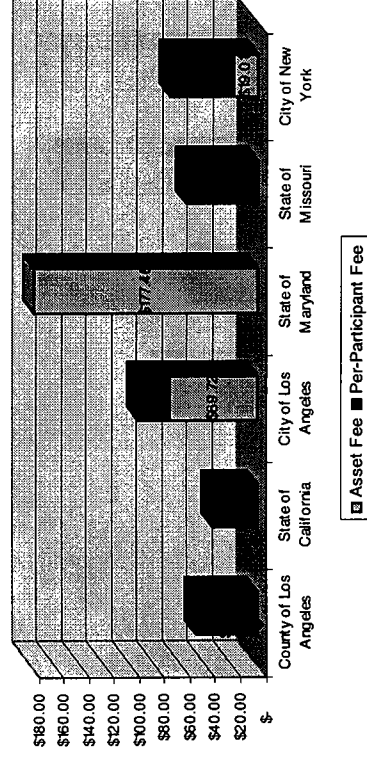
## Fees

	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
457 participant fees	\$48.88/year	Tiered fees based on assets <sup>1</sup>	0.11% + \$24/year	0.28% (0.05% to Board, 0.23% to TPA)	\$56/year, reduced by revenue sharing (currently \$36/year)	0.03% + \$50/year
401(k) participant fees	\$55.32/year	Tiered fees based on assets <sup>1</sup>	Not applicable	0.28% (0.05% to Board, 0.23% to TPA)	Not applicable	0.03% + \$50/year
Mutual fund revenue sharing	Credited to participant accounts	Used to offset TPA fees and other plan expenses	Credited to participant accounts	Credited to participant accounts	Used to offset TPA fees	No
Administrative funding	No	No	No response	No	\$100,000/year	No
Performance guarantees	No	Yes	No response	No	No	No
PST fees	Based on payrolls, statements, etc.	0.50%	\$916,000	Not applicable	Not applicable	Not applicable

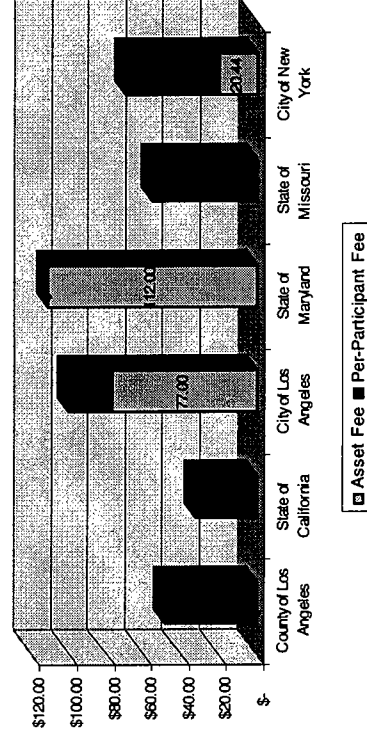
<sup>1</sup>Monthly fees of \$2.00 (acct value \$2 - \$19,999); \$2.40 (acct value \$20,000 - \$34,999); \$2.70 (acct value \$35,000 - \$49,999); \$3.00 (acct value \$50,000 - \$94,999); \$4.05 (acct value greater than \$100,000)

Below are projected fees using the average account balance from the County (\$63,380), and average accounts for the other Plans:

One-Year Projected Fees (County Assumptions)



One-Year Projected Fees (Plan Assumptions)





### Cost for TPA Services

While the costs above reflect the amounts charged to participants, they do not necessarily indicate the costs for TPA services. Each survey respondent was asked to identify the dollar cost for TPA services provided in 2006. The table below demonstrates TPA fees as a ratio to assets and as a ratio to participant counts (combined 457 and 401(k)).

	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
2006 cost for TPA services	\$4,748,400	\$5,234,162	\$2,316,000	\$5,200,000	Not provided	\$6,750,000
Total plan assets	\$5,874,000,000	\$6,687,000,000	\$2,851,000,000	\$2,296,000,000	\$1,400,000,000	\$8,210,000,000
TPA cost/asset ratio	0.08%	0.08%	0.08%	0.23%	0.22% <sup>2</sup>	0.08%
457 + 401(k) participants	83,900	132,000 <sup>1</sup>	40,000	67,000	56,000	132,000
TPA cost/ participant count	\$56.60	\$39.65	\$57.90	\$77.61	\$56.00 <sup>2</sup>	\$51.14

<sup>1</sup>Fees based on unique SS#

<sup>2</sup>Missouri did not provide a total 2006 cost for TPA services; cost/asset ratio uses estimated cost of \$3.136 million based on TPA fee and participant count.

The TPA costs above are considered to be the most useful in terms of comparing costs and setting expectations for price proposals in the RFP. Mercer's observation is that the current fees for the County are competitive, and therefore it may be unlikely that significantly reduced fees would be proposed as a result of the RFP.

## Fee Drivers

In general, TPA fees are driven by the level of service that is provided for the defined contribution plan. Some of the key drivers of fees are the amount of field staff utilized, the structure of the call center, and the provision of written communications. The addition of non-standard plan types also adds to expense.

	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
TPA field staff	4.5 TPA reps	3 TPA reps	4 TPA reps	3 Plan sponsor + 11 TPA reps	8 TPA reps	3 reps not provided by TPA <sup>1</sup>
Call center structure	15 dedicated at home office	14 dedicated at home office	Shared services at home office	Shared services at home office	Dedicated services at home office	20 dedicated at local office
Written communications	TPA	TPA and Plan sponsor	TPA	TPA	TPA	Plan Sponsor
Non-standard plan types	PST and 401(a) termination pay plan	PST and ARP	PST	403(b) and 401(a) match plan	401(a) match plan	Roth 401(k), 401(a) match plan, and deemed IRA (traditional & Roth)

<sup>1</sup>On-site staff from TPA includes 20 phone service, 10 systems, 17 processing, 15 operations, 8 support (70 total). Three FTE for field education provided by company other than TPA.

## Total Annual Plan Costs

Each survey respondent was asked to identify the total annual plan costs (including TPA fees, trustee fees, Board expenditures, in-house staff expense, etc.). Responses are summarized below, as well as a comparison to total assets.

	County of Los Angeles	State of California	City of Los Angeles	State of Maryland	State of Missouri	City of New York
2006 total cost	\$7,215,000	\$8,800,000	\$2,500,000 <sup>1</sup>	\$6,356,481	Not provided	\$10,000,000
Total assets	\$5,874,000,000	\$6,687,000,000	\$2,851,000,000	\$2,296,000,000	\$1,400,000,000	\$8,210,000,000
Cost/asset ratio	0.12%	0.13%	0.09%	0.28%	N/A	0.12%

<sup>1</sup>The City of Los Angeles did not identify total costs as part of the survey response. The total cost was taken from a 2007 NAGDCA survey.

## Additional Observations

- Fees charged to the County participants are low compared to the survey respondents.
- With the exception of Maryland and Missouri (which are notably smaller plans in size), TPA fees are approximately 0.08% of assets among the survey respondents.
- With higher average fees, Maryland is the only plan surveyed where the TPA collects fees based on a percentage of assets. All other plans, including the County, contract with the TPA on a per-participant cost basis.
- It is important to note that the fees charged to participants are not necessarily the fees charged by the TPA. In most situations, the survey respondents collect fees in a method or amount that is different from the fees charged by the TPA. In addition, plans may collect revenue through other methods, such as the County's use of separate ledger accounts, and New York City's practice of security lending. California and Missouri also use revenue sharing to offset TPA expenses.
- Returning revenue sharing directly to participants is becoming more common among jumbo plans in the public sector. Mercer's observation is that this is among the most equitable ways to charge fees in a defined contribution plan.
- Among jumbo plans in the public sector, there is a trend toward using per-participant fees instead of asset-based fees. This provides a fee that is generally more reflective of the costs of servicing participants. By contrast, asset-based fees are more variable based on the amount of assets.
- Total annual plan costs for the County appear to be in line with other plans.

# MERCER

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TRUST AGREEMENT  
between  
COUNTY OF LOS ANGELES  
and  
WELLS FARGO BANK, N.A.  
for the  
COUNTY of LOS ANGELES SAVINGS PLAN

Dated: July 1, 2008

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**TRUST AGREEMENT FOR  
COUNTY OF LOS ANGELES  
SAVINGS PLAN**

This Agreement is entered into this 1st day of July, 2008, by and between the County of Los Angeles ("Employer"), and Wells Fargo Bank, N.A. ("Trustee").

**WHEREAS**, the Employer has heretofore adopted the County of Los Angeles Savings Plan (the "Plan") pursuant to Sections 401(a) and 401(k) of the Internal Revenue Code ("Code") for the benefit of the Participants and their Beneficiaries; and

**WHEREAS**, consistent with Section 401(a) of the Code, it is provided in the Plan that assets shall be held in trust subject to the provisions of a trust agreement to be entered into between the Employer and a trustee;

**NOW THEREFORE**, the Employer and the Trustee agree as follows:

**ARTICLE 1**

**DEFINITIONS**

- 1.1 "Broker" means the brokerage house with which the Administrative Committee contracts to administer Personal Brokerage Account Windows opened by Participants.
- 1.2 "Brokerage Investments" means those investments in which a Participant may elect to invest through a Personal Brokerage Account Window that the Participant may open. Brokerage Investments are not designated by the Administrative Committee as investment alternatives under the Plan; however, the Administrative Committee may place trading restrictions on the types of Brokerage Investments that may be held by the Plan.
- 1.3 "Brokerage Money Market Fund" means the default money market fund in which the Broker holds a Participant's Investment Account assets under a Participant Brokerage Account Window: (1) when such assets are first transferred to the Personal Brokerage Account Window from Core Funds and until they have otherwise been invested in Brokerage Investments as directed by the Participant; (2) when such assets are held under the Personal Brokerage Account Window but have not otherwise been invested at the Participant's direction; (3) before such assets are transferred back to Core Funds; and (4) if the Participant has otherwise directed that such assets be invested in that Fund.
- 1.4 "Code" means the Internal Revenue Code of 1986 as amended, title 26, United States Code.



- 1.5 "Core Funds" means the investment funds designated by the Administrative Committee as available investment options under the Plan. The Administrative Committee shall design the investment policies governing the Core Funds.
- 1.6 "Employer" means the County of Los Angeles.
- 1.7 "Investment Fund" means any Core Funds made available under the Plan. Such term also includes the Participant Loan Fund, and the Brokerage Money Market Fund and Brokerage Investments in which Participants invest through a Personal Brokerage Account Window.
- 1.8 "Investment Manager" means the person(s) appointed by the Plan Administrator who, under such terms and conditions as the Plan Administrator may decide with respect to an Investment Fund, except the Brokerage Investments in which Participants invest through a Personal Brokerage Account Window, has the discretion to determine which assets in such Fund shall be sold (or exchanged) and what investments shall be acquired for such Fund. In the alternative, an organization which is employed by the County to provide administrative and investment services (by agreement with one or more investment providers) may be designated an Investment Manager.
- 1.9 "Personal Brokerage Account Window" means an arrangement under which a Participant contracts with the Broker to open a brokerage account through which a portion of his or her Investment Account may be invested in the Brokerage Money Market Fund and various Brokerage Investments.
- 1.10 "Plan Administrator" means the Administrative Committee.
- 1.11 "Plan" means the means the County of Los Angeles Savings Plan, the terms and provisions of which are set forth in Chapter 5.26 of the Los Angeles County Code, as the same may be amended, supplemented or restated from time to time.
- 1.12 "Qualified Plan" means an employee benefit plan that is qualified under Section 401(a) of the Code.
- 1.13 "Trust" means the trust holding the assets of the Plan pursuant to this Trust Agreement.

Words defined in the Plan shall have the same definition in this Trust Agreement except when such definition would be inconsistent with the definitions in the Trust Agreement or would be contrary to Trust Agreement terms, in which case the terms of the Trust Agreement will control.



## ARTICLE 2

### ACCEPTANCE OF THE TRUST

- 2.1 Acceptance of Trust. The Trustee agrees to hold in trust and administer the assets of the Plan that are delivered to it, as a nondiscretionary trustee, upon the terms and conditions of this Agreement. The Trustee shall have only such duties with respect to the Plan and its assets as are set forth in this Agreement. All right, title and interest in and to the assets of the Trust shall at all times be vested exclusively in the Trustee.
- 2.2 Separate Agreements under Plan. If, as provided in the Plan, other trustees of separate trusts under the Plan or custodians of separate custodial accounts under the Plan may be appointed, the Trustee under this Agreement shall have no duties or responsibilities for Plan assets not held in the Trust by the Trustee, except as provided in Section 6.1.

## ARTICLE 3

### CONTRIBUTIONS

- 3.1 Contributions. The Trustee shall receive: (1) County Contributions from the Employer or TPA, and (2) at the direction of the Plan Administrator or TPA, Rollover Contributions from the transferring trustee, custodian or Participant, in cash or other property acceptable to the Trustee. The Trustee shall have no duty to collect or enforce payment to it of any contribution or to require any contribution to be made, and shall have no duty to compute any amount to be paid to it nor to determine whether amounts paid comply with the Plan. The responsibility of the Trustee is limited to sums of monies, securities and other properties actually received by it.
- 3.2 Trust Fund Assets. The assets of the Trust shall consist of all money and property received as County Contributions or Rollover Contributions, together with any income on or increment in such assets. The Trustee shall hold the assets of the Trust separately, but without distinction between principal and income.

## ARTICLE 4

### PAYMENTS FROM TRUST

- 4.1 Payments by Trustee. Payments of money or property from the Trust shall be made by the Trustee for any purpose authorized under the Plan upon written direction from the Plan Administrator or the TPA. The Trustee shall have no duty to inquire whether directions by the Plan Administrator or the TPA conform with the provisions of the Plan. Payments by the Trustee shall be delivered or mailed to addresses supplied by the Plan Administrator or the TPA and the Trustee's obligation to make such payments shall be satisfied upon such delivery or

mailing. The Trustee shall have no obligation to determine the identity of persons entitled to benefits or their mailing addresses.

- 4.2 Dispute Payments. If a dispute arises over the propriety of any payment from the Trust, the Trustee may withhold payment until the dispute has been resolved by a court of competent jurisdiction or settled by the parties to the dispute. The Trustee may consult its legal counsel or legal counsel of the Employer and shall be protected to the extent permitted by law in acting upon advice of counsel.
- 4.3 Expenses of Administration. Expenses incurred by the Employer, Plan Administrator, Investment Managers, or other persons designated to act on behalf of the Employer or Plan Administrator shall be paid from the Trust upon the direction of the Plan Administrator in accordance with the terms of the Plan. The Trustee shall have no duty to inquire whether directions of the Plan Administrator conform to the provisions of the Plan or applicable law.
- 4.4 Payment on Court Order. The Trustee is authorized to make any payments directed by court order in any action in which the Trustee has been named as a party. The Trustee is not obligated to defend actions in which the Trustee is named but shall notify the Employer and the Plan Administrator of any such action and may tender defense of the action to the Employer or Plan Administrator. Subject to prior approval of the Plan Administrator, the Trustee may in its discretion defend any action in which the Trustee is named, and any expenses incurred by the Trustee shall be a charge upon the Trust unless paid by the Employer; provided, however, that the Trustee shall retain the right, in its sole discretion, to defend any action in which it is alleged that the Trustee violated the law or the terms of this Agreement.

## ARTICLE 5

### POWERS AND DUTIES OF TRUSTEE

#### 5.1 Investments.

(a) The Trustee shall administer the Trust as a nondiscretionary trustee and shall have no discretion or authority with regard to the investment of the assets of the Trust, but shall carry out investments as directed by the Plan Administrator or the Participant as provided below. The Trustee shall have the right, power and authority to take any action or to enter into and carry out every agreement with respect to the Trust that may be necessary or advisable to discharge its investment responsibility as directed by the Plan Administrator.

(b) Except as provided in Section 5.1(c) below, the Plan Administrator shall have sole and exclusive authority, control over and responsibility for the management, disposition and investment of the Trust's assets, shall select the Core Funds in which Plan assets may be invested, and may, in its discretion, contract with a Broker to make Personal Brokerage Account Windows available



to Participants. The Plan Administrator shall not issue a direction in violation of the terms of the Plan or this Agreement.

(c) In accordance with the terms of the Plan, each Participant may exercise investment authority and control over certain portions of his or her Account maintained for him or her, and may direct the investment and reinvestment of such assets in the Investment Funds. To the extent a Participant directs the investment of some or all of his or her Account, his or her investment instructions shall be communicated to the Trustee pursuant to procedures established by the Plan Administrator. If a Participant who has investment authority under the terms of the Plan fails to provide directions, the Plan Administrator shall direct investment of the affected Plan assets. The Trustee shall have no duty or responsibility to review or make recommendations regarding investments made at the direction of Participants, and if a Participant exercises control over the investment of his or her account, to the extent provided under California Government Code section 53213.5, the Trustee shall not be liable for any loss that results from such Participant's exercise of control.

(d) The Trustee shall comply with, and may act only upon receiving, specific, proper, written directions from the Participant, the Plan Administrator or the TPA on behalf of the Plan Administrator. The Trustee shall have no duty to determine whether such directions are proper and in accordance with the terms of the Plan, and the Trustee shall have no duty or responsibility to review, initiate action or make recommendations regarding the Trust assets to which such directions apply.

5.2 Proxies and Other Securities Voting Rights. The Trustee shall immediately forward to the Plan Administrator all proxies and other securities voting rights materials. Except for this duty to forward materials, the Trustee shall have no duty to exercise proxy or other voting rights related to any investment under the Plan except to the extent it is directed to act by the Plan Administrator.

5.3 Powers Necessarily and Reasonably Implied. The Trustee shall have all powers necessarily and reasonably implied from those powers expressly granted by this Agreement, including, but not limited to, the following powers which may only be exercised with proper direction, unless otherwise provided:

(a) In accordance with proper direction, to purchase, receive, or subscribe for any securities or other property and to retain in trust such securities or other property.

(b) In accordance with proper direction, to sell, at public or private sale, for cash or on credit, to grant options, convert, redeem, exchange for other securities or other property, to enter into standby agreements for future investment, either with or without a standby fee, or otherwise to dispose of, any securities or other property at any time held by it.

(c) In accordance with proper direction, to settle, compromise or submit to arbitration any claims, debts, or damages, due or owing to or from the Trust, to commence or defend suits or legal proceedings and to represent the Trust in all suits or legal proceedings in any court of law or before any other body or tribunal.

(d) In accordance with proper direction, to trade in financial options and futures, including index options and options on futures and to execute in connection therewith such account agreements and other agreements as shall be necessary.

(e) In accordance with proper direction, to exercise, in person or by proxy, all voting rights, tender or exchange rights, any conversion privileges, subscription rights and other rights and powers available in connection with any securities or other property at any time held by it; to oppose or to consent to the reorganization, consolidation, merger, or readjustment of the finances of any corporation, company or association, or to the sale, mortgage, pledge or lease of the property of any corporation, company or association any of the securities which may at any time be held by it and to do any act with reference thereto, including the exercise of options, the making of agreements or subscriptions and the payment of expenses, assessments or subscriptions, which shall be necessary in connection therewith, and to hold and retain any securities or other property which it may so acquire; and to deposit any property with any protective, reorganization or similar committee, and to pay and agree to pay part of the expenses and compensation of any such committee and any assessments levied with respect to property so deposited.

(f) In accordance with proper direction, to borrow money in such amounts and upon such terms and conditions as shall be directed to carry out the purposes of the Trust and to pledge any securities or other property for the repayment of any such loan.

(g) In accordance with proper direction, to invest all or a portion of the Trust assets in contracts issued by insurance companies, including contracts which provide for the allocation of amounts thereunder to the insurance company's general account and/or to one or more of its separate accounts or commingled separate accounts managed by the insurance company for the collective investment of assets of retirement plans.

(h) In accordance with proper direction, to manage, administer, operate, lease for any number of years, develop, improve, repair, alter, demolish, mortgage, pledge, grant options with respect to, or otherwise deal with any real property or interest therein at any time held by it, and to hold any such real property in its own name or in the name of a nominee, with or without the addition of words indicating that such property is held in a fiduciary capacity.

(i) In accordance with proper direction, to renew, extend or participate in the renewal or extension of any mortgage, and to agree to a reduction in the rate of



interest on any mortgage or of any guarantee pertaining thereto; to waive any default, whether in the performance of any covenant or condition of any mortgage or in the performance of any guarantee, or to enforce any such default; to exercise and enforce any and all rights of foreclosure, to bid on property in foreclosure, to take a deed in lieu of foreclosure with or without paying consideration therefor, and in connection therewith to release the obligation on the bond secured by such mortgage, and to exercise and enforce in any action, suit or proceeding at law or in equity any rights or remedies in respect to any such mortgage or guarantee.

(j) To employ suitable agents and counsel and, with the approval of the Plan Administrator, to pay their reasonable and proper expenses and compensation out of the Trust assets to the extent they are not paid by the Employer.

(k) In accordance with proper direction, to purchase and sell foreign exchange and contracts for foreign exchange.

(l) In accordance with proper direction, to form corporations or partnerships and to create trusts to hold title to any securities or other property.

(m) To register any securities held by it hereunder in its own name or in the name of a nominee with or without the addition of words indicating that such securities are held in a fiduciary capacity and to hold any securities in bearer form and to deposit any securities or other property in a depository or clearing corporation; provided, however, that the Trustee shall be responsible for any loss caused by failure to identify that the securities are held in a fiduciary capacity.

(n) To make, execute and deliver, as Trustee, with or without a provision for no individual liability on its part, any and all deeds, leases, mortgages, conveyances, waivers, releases, or other instruments in writing necessary for the accomplishment of any of the foregoing powers in this Section.

(o) To hold that portion of the Trust assets as directed by the Plan Administrator for ordinary administration and for the disbursement of funds in cash, without liability for interest, by depositing the same in any bank (including deposits which bear a reasonable rate of interest in a bank or similar financial institution supervised by the United States or a State, even where a bank or financial institution is the Trustee, or otherwise is a fiduciary of the Plan), subject to the rules and regulations governing such deposits, and without regard to the amount of any such deposit.

(p) In accordance with proper direction, the assets of the Trust may be invested and reinvested, in whole or in part, in any common or collective Investment Fund maintained by an Investment Manager in which the Trust is eligible to participate. Notwithstanding any other provision of this Agreement, to the extent Trust assets are invested in any such Investment Fund, the terms of the fund's governing instrument shall govern the investment responsibilities and powers of the Investment Manager, and the terms of such governing instrument

shall be incorporated into this Trust Agreement. The value of any interest in a fund held by the Trust shall be the fair market value of the interest as determined, in accordance with the terms of the Plan, by the TPA. For purposes of valuation of the Trust assets, the Trustee shall be entitled to rely conclusively on the value reported by the TPA.

(q) Notwithstanding any contrary provision in the instrument governing the Plan, in accordance with proper direction, the Trustee may transfer assets of the Plan to a group trust that is operated or maintained exclusively for the commingling and collective investment of monies provided that the funds in the group trust consist exclusively of trust assets held under plans qualified under Code section 401(a), individual retirement accounts that are exempt under Code section 408(e), and eligible governmental plans' that meet the requirements of Code section 457(b). For this purpose, a trust includes a custodial account that is treated as a trust under Code section 401(f) or under Code section 457(g)(3). For purposes of valuation, the value of the interest maintained by the Plan in such group trust shall be the fair market value of the portion of the group trust held for the Plan determined in accordance with generally recognized valuation procedures.

## ARTICLE 6

### FIDUCIARY RESPONSIBILITIES AND INDEMNITIES

- 6.1 Relationship of Fiduciaries. Except as otherwise provided herein, the Trustee shall be solely responsible for its own acts or omissions and for the acts and omissions of its agents and assigns and not for the acts or omissions of other Plan fiduciaries, and it shall have no duty to question any other fiduciary's performance of fiduciary duties allocated to other fiduciaries by the Plan or this Trust Agreement. The Trustee shall be liable for a breach of duty committed by another fiduciary (a "co-fiduciary") only under the following circumstances: (i) where the Trustee knowingly participates in, approves, acquiesces in, or conceals a breach of duty committed by a co-fiduciary, (ii) where the Trustee fails to notify the Employer in writing if the Trustee knows of the breach of duty of a co-fiduciary, or (iii) where the Trustee's failure to perform its own duties has enabled a co-fiduciary to commit a breach. Nothing in this Section 6.1 shall impose a duty to inquire to the extent such duty is limited by Section 6.4.
- 6.2 Exclusive Benefit Rule. The Trustee shall discharge its duties under this Trust Agreement for the exclusive benefit, and solely in the interest, of the Participants and their Beneficiaries. No part of the principal or income of the Trust shall be used for, or diverted to, purposes other than the exclusive benefit of Participants or their Beneficiaries or the reasonable expenses of administering the Plan until all liabilities for benefits due Participants or their Beneficiaries have been satisfied.



6.3 Duty of Care. The Trustee shall discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a professional prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and in accordance with the documents and instruments governing the Plan and the Trust.

6.4 Limitation of Liability.

The Trustee shall not be liable but shall be fully protected by reason of its taking or refraining from taking any action at the direction of the Plan Administrator or TPA, nor shall the Trustee be liable but shall be fully protected by reason of its refraining from taking any action because of the failure of the Plan Administrator or TPA to give direction or order. The Trustee shall be under no duty to (i) question or make inquiry as to any direction, notification or order or failure to give a direction, notification or order by the Plan Administrator or TPA, or (ii) make any review of, or any recommendation with respect to disposing of or retaining, any investments directed by the Plan Administrator or the TPA on behalf of the Plan Administrator. As provided in Section 5.1(c), if a Participant exercises control over the investment of some or all of his or her Account, then the Trustee shall not be liable for any loss that results from such Participant's exercise of control to the extent provided under California Government Code section 53213.5.

6.5 Indemnities. The Employer shall indemnify and hold the Trustee harmless against any loss or liability, suits, expense (including defense costs, lien fees, judgments, fines, penalties, and claims for damages of any nature whatsoever) including reasonable attorney's fees, imposed upon the Trustee as a result of any acts taken, transactions effected, or securities or other property held by the Trustee in accordance with written directions from the Plan Administrator, or any of its agents; or any failure of the Trustee to act in the absence of such written directions. To the extent permitted by law, the Employer hereby agrees to indemnify and hold harmless the Trustee from and against any claims, losses, damages, expenses (including reasonable counsel fees), and liability to which the Trustee may be subject by reason of any act or omission of any subsequent or other existing fiduciary of the Plan. This provision shall not apply to indemnify the Trustee to the extent the Trustee (i) breaches its duties under this Trust Agreement or otherwise is negligent or reckless in the exercise of its responsibilities hereunder, (ii) fails to follow any proper direction given to it hereunder, or (iii) is liable for the breach of a co-fiduciary as provided under Section 6.1 of this Agreement.

If the Trust ceases to be a tax-exempt trust under Section 501 of the Code, the Employer shall indemnify the Trustee for any taxes that the Trustee is required to pay as a result of the distribution made at the direction of the Plan Administrator, and the Employer shall be subrogated to the right of the Trustee to proceed against any person benefiting from such tax payment.

## ARTICLE 7

### ACCOUNTS AND REPORTS OF THE TRUSTEE

- 7.1 Records. The Trustee shall establish and maintain accurate records and accounts of all transactions and assets of the Trust in accordance with all pertinent requirements. Within ten days of the Employer's written request, the Trustee shall allow the Employer or any other authorized State or Federal agency or any duly authorized representative thereof to access, examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or other record relating to this Agreement. Unless otherwise expressly authorized by Employer, Trustee shall make available at a location within Los Angeles County such materials including all Trust investment, billing, and other statistical and financial records for four years after the termination date of this Agreement, or until all audits are complete, whichever is later.
- 7.2 Reports. The Trustee shall provide the TPA and the Employer with a monthly accounting report of all transactions such that the TPA can perform a full reconciliation of the Plan within thirty days of month end. The Trustee will cooperate with the Employer and the TPA in the performance of the monthly reconciliations. The monthly trustee report shall also include a listing of the assets of the Plan, showing the carrying and market values of such assets at the close of the period covered by the report.
- 7.3 Valuation. The value of the assets of the Trust shall be determined on each Valuation Date by the TPA or the custodian, as delegated by the Administrative Committee. The TPA or the custodian shall communicate such valuation to the Trustee. If the TPA fails to provide values, the Trustee may take whatever action it deems reasonable, including employment of attorneys, appraisers or other professionals, the expense of which will be an expense of the administration of the Trust.
- 7.4 Contributions and Allocations Among Investments. Each Tax Deferred Contribution and After-Tax Contribution will be deposited by the Employer within a period that is no longer than reasonable for the proper administration of Participant accounts, but in no event later than the 15th business day of the month following the month in which the Participant's Tax Deferred Contribution or After-Tax Contribution would otherwise have been payable to such Participant in cash. Matching Contributions shall be deposited by the Employer at least monthly in accordance with the terms of the Plan.

The Trustee shall transfer funds among the various Core Funds available under the Plan, in accordance with the investment instructions communicated to the Trustee by the Participant, the Plan Administrator or TPA, as applicable, effective by no later than the next business day following the business day on which the Trustee or its Agent receives such instructions, or such later date as is commercially reasonable under the circumstances. The Trustee shall transfer



funds to and from the Core Funds and the Brokerage Money Market Fund under the Personal Brokerage Account Window in accordance with the investment instructions of the Participant, effective by no later than the next business day following the business day on which the Trustee or its Agent (and the Broker, as applicable) receives instructions from the Participant, or such later date as is commercially reasonable under the circumstances. Transfers from the Brokerage Money Market Fund to Brokerage Investments, between Brokerage Investments, and from such Brokerage Investments back to the Brokerage Money Market Fund, shall be made in the time and manner specified in the agreement between the Participant and the Broker.

The Trustee will provide a complete report of all transactions on a monthly basis.

- 7.5 Audits. The Trustee will cooperate annually with an independent certified public accountant selected by the Plan Administrator to perform a financial audit of the Plan in such a manner that the audit can be completed by December 31st of each year. The audit will be paid for by the Plan.

In the event this Agreement is terminated or is not renewed after the stated term, and without regard to whether a new trustee is selected, the Trustee will provide staff and records reasonably needed to allow for the completion of the annual financial audit of the latest Plan Year within six (6) months of the termination date. The Trustee shall also make staff available to answer questions and provide technical assistance as needed during the transition period.

- 7.6 Settlement of Account. Nothing contained in this Agreement or in the Plan shall deprive the Trustee of the right to have a judicial settlement of its account. In any proceeding for a judicial settlement of the Trustee's account or for instructions in connection with the Trust, the only necessary party thereto in addition to the Trustee shall be the Employer, and no Participant or other person having or claiming any interest in the Trust assets shall be entitled to any notice or service of process (except as required by law). Any judgment, decision or award entered in any such proceeding or action shall be conclusive upon all interested persons.

## ARTICLE 8

### COMPENSATION OF TRUSTEE

- 8.1 Trustee Fees and Expenses. The Trustee shall be entitled to annual fees as compensation for its services as set forth in the attached Schedule A. The fees set forth in said Schedule shall apply during the first 18 months services are rendered by Trustee. Thereafter, said fees shall be subject to renegotiation, with revised fees to become effective 180 days after Trustee gives written notice of the intent to revise its fees.
- 8.2 Invoice and Payment. The Trustee shall invoice the Plan Administrator quarterly for services provided under this Agreement. Upon direction of the Plan

Administrator, payment shall be made to the Trustee directly from Plan assets. Trustee fees also may be paid directly by the Employer which may be reimbursed from Plan assets upon direction of the Plan Administrator.

- 8.3 Audit Settlement Clause. If, at any time during the term of this Agreement or at any time the expiration or termination of this Agreement, authorized representatives of the Employer conduct an audit of the Trustee regarding the services provided to the Plan hereunder, and if such audit reasonably finds that the Plan's dollar liability for such services is less than payments made by the Plan to the Trustee, then the Plan agrees that the difference, at the Plan Administrator's discretion, shall be either: (1) repaid forthwith by the Trustee to the Plan by cash payment, or (2) credited against any future payments hereunder to the Trustee. If such audit reasonably finds that the Plan's dollar liability for services provided hereunder is more than payments made by the Plan to the Trustee, then the difference shall be paid to the Trustee by the Plan.

## ARTICLE 9

### RESIGNATION AND REMOVAL OF TRUSTEE

- 9.1 Resignation. The Trustee may resign at any time from its responsibilities as Trustee with respect to the Trust upon at least sixty (60) days written notice to the Employer.
- 9.2 Removal. The Employer may remove the Trustee from its responsibilities as trustee with respect to the Trust upon at least thirty (30) days written notice to the Trustee; provided, however, that if the Trustee is in material default of any of its obligations under this Agreement, and such default is not cured within ten (10) days of the receipt of notice of default from the Employer, or within such longer period as the Employer in its sole discretion may grant, the Employer may immediately remove the Trustee, and the Trustee shall be liable for all damages resulting from Trustee's default.
- 9.3 Appointment of a Successor. Upon resignation or removal of the Trustee, the Employer shall appoint a successor trustee. Upon failure of the Employer to appoint a successor trustee by the effective date of resignation or removal, the Plan Administrator shall become successor trustee until another successor trustee is appointed.

Upon appointment of the successor trustee the Trustee shall deliver to the successor trustee such records as may be reasonably required to enable the successor trustee properly to administer the Trust, and shall deliver to the successor trustee all property of the Trust after deducting such fees and reasonable expenses as are authorized by this Agreement.

- 9.4 Settlement of Account. Upon resignation or removal, the Trustee shall have the right to a settlement of its account, which settlement shall be made, at the



Trustee's option, either by a judicial settlement in an action instituted by the Trustee, or by an agreement of settlement between the Trustee and the Employer.

- 9.5 Termination of Responsibility. Upon transfer of the assets of the Trust to the successor trustee, all rights and privileges with respect to the assets of the transferred Trust under the Plan and this Trust Agreement shall vest in the successor trustee. Thereafter, upon settlement of the account, the Trustee's responsibilities and duties under this Agreement with regard to the Trust assets shall terminate.

## ARTICLE 10

### AMENDMENT AND TERMINATION

- 10.1 Amendment. The Employer reserves the right to amend any or all of the provisions of this Trust Agreement. Amendments to the Trust Agreement shall be subject to the approval of the Trustee. No amendment shall be made that will permit any part of the Trust to be used for, or diverted to, any purpose other than the exclusive benefit of Participants or their Beneficiaries or the reasonable expenses of administering the Plan until all liabilities for the benefits due Participants or their Beneficiaries have been satisfied.
- 10.2 Termination. The Trust may be terminated by the Employer with at least sixty (60) days written notice to the Trustee. Upon termination of the Trust, the assets shall be liquidated and/or distributed as directed by the Plan Administrator.

## ARTICLE 11

### MISCELLANEOUS

- 11.1 Plan Administrator's Directions. Directions by the Plan Administrator to the Trustee shall be in writing and signed by the Plan Administrator or persons authorized by the Plan Administrator. Persons authorized to give directions to the Trustee on behalf of the Plan Administrator shall be identified to the Trustee by written notice from the Plan Administrator and such notice shall contain specimens of the authorized signatures. The Trustee shall be entitled to rely upon such written notice as evidence of the identity and authority of the persons appointed until a written cancellation of the appointment, or the written appointment of a successor, is received by the Trustee.
- 11.2 Electronic or Telephonic Communications. Any direction required to be given in writing by this Trust Agreement may be delivered electronically or telephonically to the extent permitted by the Contract By and Between the County of Los Angeles and Great-West Life & Annuity Insurance Company for Third Party Administrative Services.
- 11.3 Restrictions on Alienation. Except as otherwise provided in the Plan, the interest of any Participant or Beneficiary in the Trust shall not be subject to the claims of

their creditors and may not be assigned, transferred, alienated, or encumbered. Any attempt at alienation shall be void, and the Trustee shall disregard any attempted alienation, except as permitted by law. To the extent permitted by law, the assets of the Trust shall not be liable for or subject to debts or torts of any Participant or Beneficiary, and benefits shall not be considered an asset of a Participant in bankruptcy. This does not preclude the Trustee from complying with a qualified domestic relations order (QDRO), as that term is defined in the Plan.

- 11.4 Correction of Mistakes. The Trustee shall, upon instructions from the Plan Administrator, return to the applicable Participant(s) any Deferred Compensation Contributions made on mistake of fact to the extent permitted under applicable law. The Trustee shall be under no obligation to return any part of the Trust assets as provided in this Section 11.4 until the Trustee has received a written certification from the Employer that such return is in compliance with this Section 11.4, the terms of the Plan and applicable law. The Trustee shall rely conclusively on such written certification and shall be under no obligation to investigate or otherwise determine its propriety.

- 11.5 Construction. This Trust Agreement shall be construed and administered under the Code and under the laws of the State of California. If any provision is susceptible to more than one interpretation, the interpretation to be given is that which is consistent with the Plan and Trust being a Qualified Plan and a related trust under Section 401(a) and Section 501 of the Code. If any provision of the Trust Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions shall continue to be fully effective.

Headings or subheadings are inserted for convenience of reference only and are not to be considered in the construction of the provisions of the Trust Agreement.

- 11.6 Execution and Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be deemed an original and said counterparts shall constitute but one instrument, which may be sufficiently evidenced by any one counterpart.
- 11.7 Insurance. The Trustee shall provide the Employer with a copy of the banker's blanket bond in effect on the effective date of this Agreement, and shall notify the Employer of any changes in such policy in accordance with the provisions therein.
- 11.8 Successors and Assigns. This Trust Agreement shall inure to the benefit of any and may be binding upon, the parties and their successors and assigns.
- 11.9 Gender. As used in this Trust Agreement, the masculine gender shall include the feminine and neuter genders and the singular shall include the plural and the plural the singular as the context requires.



IN WITNESS WHEREOF, the parties hereby sign and execute this Agreement as of the date first above written.

WELLS FARGO BANK, N.A.

By: [Signature]

Its: Vice President

COUNTY OF LOS ANGELES

By: YVONNE B. BURKE

[Signature]  
CHAIR, BOARD OF SUPERVISORS

APPROVED AS TO FORM:

By: [Signature]

ATTEST: SACHI A. HAMAI  
EXECUTIVE OFFICER  
CLERK OF THE BOARD OF SUPERVISORS

By: [Signature] Deputy

NOV 20 2008



I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

SACHI A. HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

By: [Signature]

Deputy

NOV 20 2008

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

13

JUN 17 2008

[Signature]  
SACHI A. HAMAI  
EXECUTIVE OFFICER

012007

**SCHEDULE A**  
**LOS ANGELES COUNTY**  
**ANNUAL FEES FOR TRUSTEE SERVICES**

The Trustee's compensation for the trustee services being provided under this Agreement is included in the fees being received by Great-West under the Administrative Service Agreement between the Employer and Great-West. Great-West will forward such trustee fees to Wells Fargo Bank, N.A. at no additional cost to the Employer.

TRUST AGREEMENT

between

COUNTY OF LOS ANGELES

and

WELLS FARGO BANK, N.A.

for the

COUNTY of LOS ANGELES  
DEFERRED COMPENSATION AND THRIFT PLAN  
(ALSO KNOWN AS THE HORIZONS PLAN)

Dated: July 1, 2008

76809

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**TRUST AGREEMENT FOR  
COUNTY OF LOS ANGELES  
HORIZONS PLAN**

This Agreement is entered into this 1st day of July, 2008, by and between the County of Los Angeles ("Employer"), and Wells Fargo Bank, N.A. ("Trustee").

**WHEREAS**, the Employer has heretofore adopted the County of Los Angeles Deferred Compensation and Thrift Plan (also known as the "Horizons Plan") (the "Plan") pursuant to Section 457 of the Internal Revenue Code ("Code") for the benefit of the Participants and their Beneficiaries; and

**WHEREAS**, consistent with Section 457(g) of the Code, it is provided in the Plan that assets shall be held in trust subject to the provisions of a trust agreement to be entered into between the Employer and a trustee;

**NOW THEREFORE**, the Employer and the Trustee agree as follows:

**ARTICLE 1**

**DEFINITIONS**

- 1.1 "Broker" means the brokerage house with which the Administrative Committee contracts to administer Personal Brokerage Account Windows opened by Participants.
- 1.2 "Brokerage Investments" means those investments in which a Participant may elect to invest through a Personal Brokerage Account Window that the Participant may open. Brokerage Investments are not designated by the Administrative Committee as investment alternatives under the Plan; however, the Administrative Committee may place trading restrictions on the types of Brokerage Investments that may be held by the Plan.
- 1.3 "Brokerage Money Market Fund" means the default money market fund in which the Broker holds a Participant's Investment Account assets under a Participant Brokerage Account Window: (1) when such assets are first transferred to the Personal Brokerage Account Window from Core Funds and until they have otherwise been invested in Brokerage Investments as directed by the Participant; (2) when such assets are held under the Personal Brokerage Account Window but have not otherwise been invested at the Participant's direction; (3) before such assets are transferred back to Core Funds; and (4) if the Participant has otherwise directed that such assets be invested in that Fund.
- 1.4 "Code" means the Internal Revenue Code of 1986 as amended, title 26, United States Code.

- 1.5 "Core Funds" means the investment funds designated by the Administrative Committee as available investment options under the Plan. The Administrative Committee shall design the investment policies governing the Core Funds.
- 1.6 "Employer" means the County of Los Angeles.
- 1.7 "Investment Fund" means any Core Funds made available under the Plan. Such term also includes the Participant Loan Fund, and the Brokerage Money Market Fund and Brokerage Investments in which Participants invest through a Personal Brokerage Account Window. Any such Investment Fund shall be consistent with any limitations on forms of investment imposed under applicable state law.
- 1.8 "Investment Manager" means a person or entity appointed by the Administrative Committee who, with respect to any Investment Fund, except the Brokerage Investments in which Participants invest through a Personal Brokerage Account Window, has the discretion to determine which assets in such Fund shall be sold (or exchanged) and what investments shall be acquired for such Fund or a person or entity that provides investment services to an investment company registered under the Investment Company Act of 1940. Any Investment Manager must be either registered as an investment adviser under the Investment Advisers Act of 1940, a bank as defined thereunder or an insurance company qualified to manage, acquire or dispose of Plan assets under the laws of more than one state, provided, however, that this requirement shall not apply to the County Treasurer and, with respect to an Investment Fund that provides for investments in securities issued by an investment company registered under the Investment Company Act of 1940, the requirements of that act shall control. Any Investment Manager shall accept such appointment in writing and shall constitute a fiduciary with respect to the investment of Plan assets held in the particular Investment Fund for which the appointment applies, unless such person would not be treated as investing assets of the Plan if the Plan were covered by the Employee Retirement Income Security Act of 1974, as amended.
- 1.9 "Personal Brokerage Account Window" means an arrangement under which a Participant contracts with the Broker to open a brokerage account through which a portion of his or her Investment Account may be invested in the Brokerage Money Market Fund and various Brokerage Investments.
- 1.10 "Plan Administrator" means the Administrative Committee.
- 1.11 "Plan" means the County of Los Angeles Deferred Compensation and Thrift Plan (also known as the "Horizons Plan"), the terms and provisions of which are set forth in Chapter 5.25 of the Los Angeles County Code, as the same may be amended, supplemented or restated from time to time.
- 1.12 "Trust" means the trust holding the assets of the Plan pursuant to this Trust Agreement.



Words defined in the Plan shall have the same definition in this Trust Agreement except when such definition would be inconsistent with the definitions in the Trust Agreement or would be contrary to Trust Agreement terms, in which case the terms of the Trust Agreement will control.

## ARTICLE 2

### ACCEPTANCE OF THE TRUST

- 2.1 Acceptance of Trust. The Trustee agrees to hold in trust and administer the assets of the Plan that are delivered to it, as a nondiscretionary trustee, upon the terms and conditions of this Agreement. The Trustee shall have only such duties with respect to the Plan and its assets as are set forth in this Agreement. All right, title and interest in and to the assets of the Trust shall at all times be vested exclusively in the Trustee.
- 2.2 Separate Agreements under Plan. If, as provided in the Plan, other trustees of separate trusts under the Plan or custodians of separate custodial accounts under the Plan may be appointed, the Trustee under this Agreement shall have no duties or responsibilities for Plan assets not held in the Trust by the Trustee, except as provided in Section 6.1.

## ARTICLE 3

### CONTRIBUTIONS

- 3.1 Deferred Compensation Contributions, Matching Contributions and Rollover Contributions. The Trustee shall receive (1) Deferred Compensation Contributions and Matching Contributions from the Employer or TPA, and (2) at the direction of the Plan Administrator or TPA, Rollover Contributions from the transferring trustee, custodian or Participant, as applicable, in cash or other property acceptable to the Trustee. The Trustee shall have no duty to collect or enforce payment to it of any Deferred Compensation Contributions, Matching Contributions, or Rollover Contributions or to require any Deferred Compensation Contributions, Matching Contributions or Rollover Contributions to be made, and shall have no duty to compute any amount to be paid to it nor to determine whether amounts paid comply with the Plan. The responsibility of the Trustee is limited to sums of monies, securities and other properties actually received by it.
- 3.2 Trust Fund Assets. The assets of the Trust shall consist of all money and property received as Deferred Compensation Contributions, Matching Contributions, and Rollover Contributions together with any income on or increment in such assets. The Trustee shall hold the assets of the Trust separately, but without distinction between principal and income.

## ARTICLE 4

### PAYMENTS FROM TRUST

- 4.1 Payments by Trustee. Payments of money or property from the Trust shall be made by the Trustee for any purpose authorized under the Plan upon written direction from the Plan Administrator or the TPA. The Trustee shall have no duty to inquire whether directions by the Plan Administrator or the TPA conform with the provisions of the Plan. Payments by the Trustee shall be delivered or mailed to addresses supplied by the Plan Administrator or the TPA and the Trustee's obligation to make such payments shall be satisfied upon such delivery or mailing. The Trustee shall have no obligation to determine the identity of persons entitled to benefits or their mailing addresses.
- 4.2 Dispute Payments. If a dispute arises over the propriety of any payment from the Trust, the Trustee may withhold payment until the dispute has been resolved by a court of competent jurisdiction or settled by the parties to the dispute. The Trustee may consult its legal counsel or legal counsel of the Employer and shall be protected to the extent permitted by law in acting upon advice of counsel.
- 4.3 Expenses of Administration. Expenses incurred by the Employer, Plan Administrator, Investment Managers, or other persons designated to act on behalf of the Employer or Plan Administrator shall be paid from the Trust upon the direction of the Plan Administrator in accordance with the terms of the Plan. The Trustee shall have no duty to inquire whether directions of the Plan Administrator conform to the provisions of the Plan or applicable law.
- 4.4 Payment on Court Order. The Trustee is authorized to make any payments directed by court order in any action in which the Trustee has been named as a party. The Trustee is not obligated to defend actions in which the Trustee is named but shall notify the Employer and the Plan Administrator of any such action and may tender defense of the action to the Employer or Plan Administrator. Subject to prior approval of the Plan Administrator, the Trustee may in its discretion defend any action in which the Trustee is named, and any expenses incurred by the Trustee shall be a charge upon the Trust unless paid by the Employer; provided, however, that the Trustee shall retain the right, in its sole discretion, to defend any action in which it is alleged that the Trustee violated the law or the terms of this Agreement.

## ARTICLE 5

### POWERS AND DUTIES OF TRUSTEE

- 5.1 Investments.
- (a) The Trustee shall administer the Trust as a nondiscretionary trustee and shall have no discretion or authority with regard to the investment of the assets of



the Trust, but shall carry out investments as directed by the Plan Administrator or the Participant as provided below. The Trustee shall have the right, power and authority to take any action or to enter into and carry out every agreement with respect to the Trust that may be necessary or advisable to discharge its investment responsibility as directed by the Plan Administrator.

(b) Except as provided in Section 5.1(c) below, the Plan Administrator shall have sole and exclusive authority, control over and responsibility for the management, disposition and investment of the Trust's assets, shall select the Core Funds in which Plan assets may be invested and may, in its discretion, contract with a Broker to make Personal Brokerage Account Windows available to Participants. The Plan Administrator shall not issue a direction in violation of the terms of the Plan or this Agreement.

(c) Under the terms of the Plan, each Participant may exercise investment authority and control over his or her Investment Accounts maintained for him or her, and may direct the investment and reinvestment of such assets in the Investment Funds. To the extent a Participant directs the investment of some or all of his or her Investment Account, his or her investment instructions shall be communicated to the Trustee pursuant to procedures established by the Plan Administrator. If a Participant who has investment authority under the terms of the Plan fails to provide directions, the Plan Administrator shall direct investment of the affected Plan assets. The Trustee shall have no duty or responsibility to review or make recommendations regarding investments made at the direction of Participants, and if a Participant exercises control over the investment of his or her account, to the extent provided under California Government Code section 53213.5, the Trustee shall not be liable for any loss that results from such Participant's exercise of control.

(d) The Trustee shall comply with, and may act only upon receiving, specific, proper, written directions from the Participant, the Plan Administrator or the TPA on behalf of the Plan Administrator. The Trustee shall have no duty to determine whether such directions are proper and in accordance with the terms of the Plan, and the Trustee shall have no duty or responsibility to review, initiate action or make recommendations regarding the Trust assets to which such directions apply.

5.2 Proxies and Other Securities Voting Rights. The Trustee shall immediately forward to the Plan Administrator all proxies and other securities voting rights materials. Except for this duty to forward materials, the Trustee shall have no duty to exercise proxy or other voting rights related to any investment under the Plan except to the extent it is directed to act by the Plan Administrator.

5.3 Powers Necessarily and Reasonably Implied. The Trustee shall have all powers necessarily and reasonably implied from those powers expressly granted by this Agreement, including, but not limited to, the following powers which may only be exercised with proper direction, unless otherwise provided:

(a) In accordance with proper direction, to purchase, receive, or subscribe for any securities or other property and to retain in trust such securities or other property.

(b) In accordance with proper direction, to sell, at public or private sale, for cash or on credit, to grant options, convert, redeem, exchange for other securities or other property, to enter into standby agreements for future investment, either with or without a standby fee, or otherwise to dispose of, any securities or other property at any time held by it.

(c) In accordance with proper direction, to settle, compromise or submit to arbitration any claims, debts, or damages, due or owing to or from the Trust, to commence or defend suits or legal proceedings and to represent the Trust in all suits or legal proceedings in any court of law or before any other body or tribunal.

(d) In accordance with proper direction, to trade in financial options and futures, including index options and options on futures and to execute in connection therewith such account agreements and other agreements as shall be necessary.

(e) In accordance with proper direction, to exercise, in person or by proxy, all voting rights, tender or exchange rights, any conversion privileges, subscription rights and other rights and powers available in connection with any securities or other property at any time held by it; to oppose or to consent to the reorganization, consolidation, merger, or readjustment of the finances of any corporation, company or association, or to the sale, mortgage, pledge or lease of the property of any corporation, company or association any of the securities which may at any time be held by it and to do any act with reference thereto, including the exercise of options, the making of agreements or subscriptions and the payment of expenses, assessments or subscriptions, which shall be necessary in connection therewith, and to hold and retain any securities or other property which it may so acquire; and to deposit any property with any protective, reorganization or similar committee, and to pay and agree to pay part of the expenses and compensation of any such committee and any assessments levied with respect to property so deposited.

(f) In accordance with proper direction, to borrow money in such amounts and upon such terms and conditions as shall be directed to carry out the purposes of the Trust and to pledge any securities or other property for the repayment of any such loan.

(g) In accordance with proper direction, to invest all or a portion of the Trust assets in contracts issued by insurance companies, including contracts which provide for the allocation of amounts thereunder to the insurance company's general account and/or to one or more of its separate accounts or commingled separate accounts managed by the insurance company for the collective investment of assets of retirement plans.



(h) In accordance with proper direction, to manage, administer, operate, lease for any number of years, develop, improve, repair, alter, demolish, mortgage, pledge, grant options with respect to, or otherwise deal with any real property or interest therein at any time held by it, and to hold any such real property in its own name or in the name of a nominee, with or without the addition of words indicating that such property is held in a fiduciary capacity.

(i) In accordance with proper direction, to renew, extend or participate in the renewal or extension of any mortgage, and to agree to a reduction in the rate of interest on any mortgage or of any guarantee pertaining thereto; to waive any default, whether in the performance of any covenant or condition of any mortgage or in the performance of any guarantee, or to enforce any such default; to exercise and enforce any and all rights of foreclosure, to bid on property in foreclosure, to take a deed in lieu of foreclosure with or without paying consideration therefor, and in connection therewith to release the obligation on the bond secured by such mortgage, and to exercise and enforce in any action, suit or proceeding at law or in equity any rights or remedies in respect to any such mortgage or guarantee.

(j) To employ suitable agents and counsel and, with the approval of the Plan Administrator, to pay their reasonable and proper expenses and compensation out of the Trust assets to the extent they are not paid by the Employer.

(k) In accordance with proper direction, to purchase and sell foreign exchange and contracts for foreign exchange.

(l) In accordance with proper direction, to form corporations or partnerships and to create trusts to hold title to any securities or other property.

(m) To register any securities held by it hereunder in its own name or in the name of a nominee with or without the addition of words indicating that such securities are held in a fiduciary capacity and to hold any securities in bearer form and to deposit any securities or other property in a depository or clearing corporation; provided, however, that the Trustee shall be responsible for any loss caused by failure to identify that the securities are held in a fiduciary capacity.

(n) To make, execute and deliver, as Trustee, with or without a provision for no individual liability on its part, any and all deeds, leases, mortgages, conveyances, waivers, releases, or other instruments in writing necessary for the accomplishment of any of the foregoing powers in this Section.

(o) To hold that portion of the Trust assets as directed by the Plan Administrator for ordinary administration and for the disbursement of funds in cash, without liability for interest, by depositing the same in any bank (including deposits which bear a reasonable rate of interest in a bank or similar financial institution supervised by the United States or a State, even where a bank or financial institution is the Trustee, or otherwise is a fiduciary of the Plan), subject

to the rules and regulations governing such deposits, and without regard to the amount of any such deposit.

(p) In accordance with proper direction, the assets of the Trust may be invested and reinvested, in whole or in part, in any common or collective Investment Fund maintained by an Investment Manager in which the Trust is eligible to participate. Notwithstanding any other provision of this Agreement, to the extent Trust assets are invested in any such Investment Fund, the terms of the fund's governing instrument shall govern the investment responsibilities and powers of the Investment Manager, and the terms of such governing instrument shall be incorporated into this Trust Agreement. The value of any interest in a fund held by the Trust shall be the fair market value of the interest as determined, in accordance with the terms of the Plan, by the TPA. For purposes of valuation of the Trust assets, the Trustee shall be entitled to rely conclusively on the value reported by the TPA.

(q) Notwithstanding any contrary provision in the instrument governing the Plan, in accordance with proper direction, the Trustee may transfer assets of the Plan to a group trust that is operated or maintained exclusively for the commingling and collective investment of monies provided that the funds in the group trust consist exclusively of trust assets held under plans qualified under Code section 401(a), individual retirement accounts that are exempt under Code section 408(e), and eligible governmental plans that meet the requirements of Code section 457(b). For this purpose, a trust includes a custodial account that is treated as a trust under Code section 401(f) or under Code section 457(g)(3). For purposes of valuation, the value of the interest maintained by the Plan in such group trust shall be the fair market value of the portion of the group trust held for the Plan determined in accordance with generally recognized valuation procedures.

## ARTICLE 6

### FIDUCIARY RESPONSIBILITIES AND INDEMNITIES

- 6.1 Relationship of Fiduciaries. Except as otherwise provided herein, the Trustee shall be solely responsible for its own acts or omissions and for the acts and omissions of its agents and assigns and not for the acts or omissions of other Plan fiduciaries, and it shall have no duty to question any other fiduciary's performance of fiduciary duties allocated to other fiduciaries by the Plan or this Trust Agreement. The Trustee shall be liable for a breach of duty committed by another fiduciary (a "co-fiduciary") only under the following circumstances: (i) where the Trustee knowingly participates in, approves, acquiesces in, or conceals a breach of duty committed by a co-fiduciary, (ii) where the Trustee fails to notify the Employer in writing if the Trustee knows of the breach of duty of a co-fiduciary, or (iii) where the Trustee's failure to perform its own duties has enabled a co-fiduciary to commit a breach. Nothing in this Section 6.1 shall impose a duty to inquire to the extent such duty is limited by Section 6.4.



6.2 Exclusive Benefit Rule. The Trustee shall discharge its duties under this Trust Agreement for the exclusive benefit, and solely in the interest, of the Participants and their Beneficiaries. No part of the principal or income of the Trust shall be used for, or diverted to, purposes other than the exclusive benefit of Participants or their Beneficiaries or the reasonable expenses of administering the Plan until all liabilities for benefits due Participants or their Beneficiaries have been satisfied.

6.3 Duty of Care. The Trustee shall discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a professional prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and in accordance with the documents and instruments governing the Plan and the Trust.

6.4 Limitation of Liability.

The Trustee shall not be liable but shall be fully protected by reason of its taking or refraining from taking any action at the direction of the Plan Administrator or TPA, nor shall the Trustee be liable but shall be fully protected by reason of its refraining from taking any action because of the failure of the Plan Administrator or TPA to give direction or order. The Trustee shall be under no duty to (i) question or make inquiry as to any direction, notification or order or failure to give a direction, notification or order by the Plan Administrator or TPA, or (ii) make any review of, or any recommendation with respect to disposing of or retaining, any investments directed by a Plan Participant, the Plan Administrator or the TPA on behalf of the Plan Administrator. As provided in Section 5.1(c), if a Participant exercises control over the investment of his or her Investment Accounts then the Trustee shall not be liable for any loss that results from such Participant's exercise of control to the extent provided under California Government Code section 53213.5.

6.5 Indemnities. The Employer shall indemnify and hold the Trustee harmless against any loss or liability, suits, expense (including defense costs, lien fees, judgments, fines, penalties, and claims for damages of any nature whatsoever) including reasonable attorney's fees, imposed upon the Trustee as a result of any acts taken, transactions effected, or securities or other property held by the Trustee in accordance with written directions from the Plan Administrator, or any of its agents; or any failure of the Trustee to act in the absence of such written directions. To the extent permitted by law, the Employer hereby agrees to indemnify and hold harmless the Trustee from and against any claims, losses, damages, expenses (including reasonable counsel fees), and liability to which the Trustee may be subject by reason of any act or omission of any subsequent or other existing fiduciary of the Plan. This provision shall not apply to indemnify the Trustee to the extent the Trustee (i) breaches its duties under this Trust Agreement or otherwise is negligent or reckless in the exercise of its responsibilities hereunder, (ii) fails to follow any proper direction given to it

hereunder, or (iii) is liable for the breach of a co-fiduciary as provided under Section 6.1 of this Agreement.

If the Trust ceases to be treated as a tax-exempt trust in accordance with Sections 457(g) and 501(a) of the Code, the Employer shall indemnify the Trustee for any taxes that the Trustee is required to pay as a result of the distribution made at the direction of the Plan Administrator, and the Employer shall be subrogated to the right of the Trustee to proceed against any person benefiting from such tax payment.

## ARTICLE 7

### ACCOUNTS AND REPORTS OF THE TRUSTEE

- 7.1 Records. The Trustee shall establish and maintain accurate records and accounts of all transactions and assets of the Trust in accordance with all pertinent requirements. Within ten days of the Employer's written request, the Trustee shall allow the Employer or any other authorized State or Federal agency or any duly authorized representative thereof to access, examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or other record relating to this Agreement. Unless otherwise expressly authorized by Employer, Trustee shall make available at a location within Los Angeles County such materials including all Trust investment, billing, and other statistical and financial records for four years after the termination date of this Agreement, or until all audits are complete, whichever is later.
- 7.2 Reports. The Trustee shall provide the TPA and the Employer with a monthly accounting report of all transactions such that the TPA can perform a full reconciliation of the Plan within thirty days of month end. The Trustee will cooperate with the Employer and the TPA in the performance of the monthly reconciliations. The monthly trustee report shall also include a listing of the assets of the Plan, showing the carrying and market values of such assets at the close of the period covered by the report.
- 7.3 Valuation. The value of the assets of the Trust shall be determined on each Valuation Date by the TPA or the custodian, as delegated by the Administrative Committee. The TPA or the custodian shall communicate such valuation to the Trustee. If the TPA fails to provide values, the Trustee may take whatever action it deems reasonable, including employment of attorneys, appraisers or other professionals, the expense of which will be an expense of the administration of the Trust.
- 7.4 Contributions and Allocations Among Investments. Each Deferred Compensation Contribution and Matching Contribution will be deposited by the Employer within a period that is no longer than reasonable for the proper administration of Participant accounts, but in no event later than the 15<sup>th</sup> business day of the month



following the month in which the Participant's Deferred Compensation Contribution would otherwise have been payable to such Participant in cash.

The Trustee shall transfer funds among the various Core Funds available under the Plan, in accordance with the investment instructions communicated to the Trustee by the Participant, the Plan Administrator or TPA, as applicable, effective by no later than the next business day following the business day on which the Trustee or its Agent receives such instructions, or such later date as is commercially reasonable under the circumstances. The Trustee shall transfer funds to and from the Core Funds and the Brokerage Money Market Fund under the Personal Brokerage Account Window in accordance with the investment instructions of the Participant, effective by no later than the next business day following the business day on which the Trustee or its Agent (and the Broker, as applicable) receives instructions from the Participant, or such later date as is commercially reasonable under the circumstances. Transfers from the Brokerage Money Market Fund to Brokerage Investments, between Brokerage Investments, and from such Brokerage Investments back to the Brokerage Money Market Fund, shall be made in the time and manner specified in the agreement between the Participant and the Broker.

The Trustee will provide a complete report of all transactions on a monthly basis.

- 7.5 Audits. The Trustee will cooperate annually with an independent certified public accountant selected by the Plan Administrator to perform a financial audit of the Plan in such a manner that the audit can be completed by December 31st of each year. The audit will be paid for by the Plan.

In the event this Agreement is terminated or is not renewed after the stated term, and without regard to whether a new trustee is selected, the Trustee will provide staff and records reasonably needed to allow for the completion of the annual financial audit of the latest Plan Year within six (6) months of the termination date. The Trustee shall also make staff available to answer questions and provide technical assistance as needed during the transition period.

- 7.6 Settlement of Account. Nothing contained in this Agreement or in the Plan shall deprive the Trustee of the right to have a judicial settlement of its account. In any proceeding for a judicial settlement of the Trustee's account or for instructions in connection with the Trust, the only necessary party thereto in addition to the Trustee shall be the Employer, and no Participant or other person having or claiming any interest in the Trust assets shall be entitled to any notice or service of process (except as required by law). Any judgment, decision or award entered in any such proceeding or action shall be conclusive upon all interested persons.

## ARTICLE 8

### COMPENSATION OF TRUSTEE

- 8.1 Trustee Fees and Expenses. The Trustee shall be entitled to annual fees as compensation for its services as set forth in the attached Schedule A. The fees set forth in said Schedule shall apply during the first 18 months services are rendered by Trustee. Thereafter, said fees shall be subject to renegotiation, with revised fees to become effective 180 days after Trustee gives written notice of the intent to revise its fees.
- 8.2 Invoice and Payment. The Trustee shall invoice the Plan Administrator quarterly for services provided under this Agreement. Upon direction of the Plan Administrator, payment shall be made to the Trustee directly from Plan assets. Trustee fees also may be paid directly by the Employer which may be reimbursed from Plan assets upon direction of the Plan Administrator.
- 8.3 Audit Settlement Clause. If, at any time during the term of this Agreement or at any time the expiration or termination of this Agreement, authorized representatives of the Employer conduct an audit of the Trustee regarding the services provided to the Plan hereunder, and if such audit reasonably finds that the Plan's dollar liability for such services is less than payments made by the Plan to the Trustee, then the Plan agrees that the difference, at the Plan Administrator's discretion, shall be either: (1) repaid forthwith by the Trustee to the Plan by cash payment, or (2) credited against any future payments hereunder to the Trustee. If such audit reasonably finds that the Plan's dollar liability for services provided hereunder is more than payments made by the Plan to the Trustee, then the difference shall be paid to the Trustee by the Plan.

## ARTICLE 9

### RESIGNATION AND REMOVAL OF TRUSTEE

- 9.1 Resignation. The Trustee may resign at any time from its responsibilities as Trustee with respect to the Trust upon at least sixty (60) days written notice to the Employer.
- 9.2 Removal. The Employer may remove the Trustee from its responsibilities as trustee with respect to the Trust upon at least thirty (30) days written notice to the Trustee; provided, however, that if the Trustee is in material default of any of its obligations under this Agreement, and such default is not cured within ten (10) days of the receipt of notice of default from the Employer, or within such longer period as the Employer in its sole discretion may grant, the Employer may immediately remove the Trustee, and the Trustee shall be liable for all damages resulting from Trustee's default.



- 9.3 Appointment of a Successor. Upon resignation or removal of the Trustee, the Employer shall appoint a successor trustee. Upon failure of the Employer to appoint a successor trustee by the effective date of resignation or removal, the Plan Administrator shall become successor trustee until another successor trustee is appointed.

Upon appointment of the successor trustee the Trustee shall deliver to the successor trustee such records as may be reasonably required to enable the successor trustee properly to administer the Trust, and shall deliver to the successor trustee all property of the Trust after deducting such fees and reasonable expenses as are authorized by this Agreement.

- 9.4 Settlement of Account. Upon resignation or removal, the Trustee shall have the right to a settlement of its account, which settlement shall be made, at the Trustee's option, either by a judicial settlement in an action instituted by the Trustee, or by an agreement of settlement between the Trustee and the Employer.
- 9.5 Termination of Responsibility. Upon transfer of the assets of the Trust to the successor trustee, all rights and privileges with respect to the assets of the transferred Trust under the Plan and this Trust Agreement shall vest in the successor trustee. Thereafter, upon settlement of the account, the Trustee's responsibilities and duties under this Agreement with regard to the Trust assets shall terminate.

## ARTICLE 10

### AMENDMENT AND TERMINATION

- 10.1 Amendment. The Employer reserves the right to amend any or all of the provisions of this Trust Agreement. Amendments to the Trust Agreement shall be subject to the approval of the Trustee. No amendment shall be made that will permit any part of the Trust to be used for, or diverted to, any purpose other than the exclusive benefit of Participants or their Beneficiaries or the reasonable expenses of administering the Plan until all liabilities for the benefits due Participants or their Beneficiaries have been satisfied.
- 10.2 Termination. The Trust may be terminated by the Employer with at least sixty (60) days written notice to the Trustee. Upon termination of the Trust, the assets shall be liquidated and/or distributed as directed by the Plan Administrator.

## ARTICLE 11

### MISCELLANEOUS

- 11.1 Plan Administrator's Directions. Directions by the Plan Administrator to the Trustee shall be in writing and signed by the Plan Administrator or persons authorized by the Plan Administrator. Persons authorized to give directions to the Trustee on behalf of the Plan Administrator shall be identified to the Trustee by

written notice from the Plan Administrator and such notice shall contain specimens of the authorized signatures. The Trustee shall be entitled to rely upon such written notice as evidence of the identity and authority of the persons appointed until a written cancellation of the appointment, or the written appointment of a successor, is received by the Trustee.

- 11.2 Electronic or Telephonic Communications. Any direction required to be given in writing by this Trust Agreement may be delivered electronically or telephonically to the extent permitted by the Contract By and Between the County of Los Angeles and Great-West Life & Annuity Insurance Company for Third Party Administrative Services.
- 11.3 Restrictions on Alienation. Except as otherwise provided in the Plan, the interest of any Participant or Beneficiary in the Trust shall not be subject to the claims of their creditors and may not be assigned, transferred, alienated, or encumbered. Any attempt at alienation shall be void, and the Trustee shall disregard any attempted alienation, except as permitted by law. To the extent permitted by law, the assets of the Trust shall not be liable for or subject to debts or torts of any Participant or Beneficiary, and benefits shall not be considered an asset of a Participant in bankruptcy. This does not preclude the Trustee from complying with a certified domestic relations order (CDRO), as that term is defined in the Plan.
- 11.4 Correction of Mistakes. The Trustee shall, upon instructions from the Plan Administrator, return to the applicable Participant(s) any Deferred Compensation Contributions made on mistake of fact to the extent permitted under applicable law. The Trustee shall be under no obligation to return any part of the Trust assets as provided in this Section 11.4 until the Trustee has received a written certification from the Employer that such return is in compliance with this Section 11.4, the terms of the Plan and applicable law. The Trustee shall rely conclusively on such written certification and shall be under no obligation to investigate or otherwise determine its propriety.
- 11.5 Construction. This Trust Agreement shall be construed and administered under the Code and under the laws of the State of California. If any provision is susceptible to more than one interpretation, the interpretation to be given is that which is consistent with the Plan and Trust being a governmental plan and a related trust under Section 457 of the Code. If any provision of the Trust Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions shall continue to be fully effective.
- Headings or subheadings are inserted for convenience of reference only and are not to be considered in the construction of the provisions of the Trust Agreement.
- 11.6 Execution and Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be deemed an original and said counterparts

shall constitute but one instrument, which may be sufficiently evidenced by any one counterpart.

- 11.7 Insurance. The Trustee shall provide the Employer with a copy of the banker's blanket bond in effect on the effective date of this Agreement, and shall notify the Employer of any changes in such policy in accordance with the provisions therein.
- 11.8 Successors and Assigns. This Trust Agreement shall inure to the benefit of any and may be binding upon, the parties and their successors and assigns.
- 11.9 Gender. As used in this Trust Agreement, the masculine gender shall include the feminine and neuter genders and the singular shall include the plural and the plural the singular as the context requires.



IN WITNESS WHEREOF, the parties hereby sign and execute this Agreement as of the date first above written.

WELLS FARGO BANK, N.A.

By: [Signature]  
Its: Vice President

COUNTY OF LOS ANGELES

By: YVONNE B. BURKE

APPROVED AS TO FORM:

By: [Signature]

[Signature]  
CHAIR, BOARD OF SUPERVISORS

ATTEST: SACHI A. HAMAI  
EXECUTIVE OFFICER  
CLERK OF THE BOARD OF SUPERVISORS

By: [Signature] Deputy  
NOV 20 2008



I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

SACHI A. HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

By: [Signature] Deputy  
NOV 20 2008

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**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

13

JUN 17 2008

[Signature]  
SACHI A. HAMAI  
EXECUTIVE OFFICER



**SCHEDULE A**

**LOS ANGELES COUNTY**

**ANNUAL FEES FOR TRUSTEE SERVICES**

The Trustee's compensation for the trustee services being provided under this Agreement is included in the fees being received by Great-West under the Administrative Service Agreement between the Employer and Great-West. Great-West will forward such trustee fees to Wells Fargo Bank, N.A. at no additional cost to the Employer.

TRUST AGREEMENT  
between  
COUNTY OF LOS ANGELES  
and  
WELLS FARGO BANK, N.A.  
for the  
COUNTY of LOS ANGELES  
PENSION SAVINGS PLAN  
Dated: November 14, 2008

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**TRUST AGREEMENT FOR  
COUNTY OF LOS ANGELES  
PENSION SAVINGS PLAN**

This Agreement is entered into this 14th day of November, 2008, by and between the County of Los Angeles ("Employer"), and Wells Fargo Bank, N.A. ("Trustee").

**WHEREAS**, the Employer has heretofore adopted the County of Los Angeles Pension Savings Plan (the "Plan") in order to provide benefits for certain Employees of the Employer who are not eligible to participate in the Los Angeles County Employees Retirement Association; and

**WHEREAS**, consistent with Section 457(g) of the Code, it is provided in the Plan that assets shall be held in trust subject to the provisions of a trust agreement to be entered into between the Employer and a trustee;

**NOW THEREFORE**, the Employer and the Trustee agree as follows:

**ARTICLE 1**

**DEFINITIONS**

- 1.1 "Code" means the Internal Revenue Code of 1986 as amended, title 26, United States Code.
- 1.2 "Employer" means the County of Los Angeles.
- 1.3 "Investment Fund" means any investment vehicle in which the Plan assets are invested. Any such Investment Fund shall be consistent with any limitations on forms of investment imposed under applicable State law.
- 1.4 "Investment Manager" means a person or entity appointed by the Administrative Committee who, with respect to an Investment Fund, has the discretion to determine which assets in such Fund shall be sold (or exchanged) and what investments shall be acquired for such Fund or a person or entity that provides investment services to an investment company registered under the Investment Company Act of 1940. Any Investment Manager must be either registered as an investment adviser under the Investment Advisers Act of 1940, a bank as defined thereunder or an insurance company qualified to manage, acquire or dispose of Plan assets under the laws of more than one state, provided, however, that this requirement shall not apply to the County Treasurer and, with respect to an Investment Fund that provides for investments in securities issued by an investment company registered under the Investment Company Act of 1940, the requirements of that act shall control. Any Investment Manager shall accept such appointment in writing and shall constitute a fiduciary with respect to the investment of Plan assets held in the particular Investment Fund for which the



appointment applies, unless such person would not be treated as investing assets of the Plan if the Plan were covered by the Employee Retirement Income Security Act of 1974, as amended.

- 1.5 "Plan Administrator" means the Administrative Committee.
- 1.6 "Plan" means the means the County of Los Angeles Pension Savings Plan, the terms and provisions of which are set forth in Chapter 5.19 of the Los Angeles County Code, as the same may be amended, supplemented or restated from time to time.
- 1.7 "Trust" means the trust holding the assets of the Plan pursuant to this Trust Agreement.

Words defined in the Plan shall have the same definition in this Trust Agreement except when such definition would be inconsistent with the definitions in the Trust Agreement or would be contrary to Trust Agreement terms, in which case the terms of the Trust Agreement will control.

## ARTICLE 2

### ACCEPTANCE OF THE TRUST

- 2.1 Acceptance of Trust. The Trustee agrees to hold in trust and administer the assets of the Plan that are delivered to it, as a nondiscretionary trustee, upon the terms and conditions of this Agreement. The Trustee shall have only such duties with respect to the Plan and its assets as are set forth in this Agreement. All right, title and interest in and to the assets of the Trust shall at all times be vested exclusively in the Trustee.
- 2.2 Separate Agreements under Plan. If, as provided in the Plan, other trustees of separate trusts under the Plan or custodians of separate custodial accounts under the Plan may be appointed, the Trustee under this Agreement shall have no duties or responsibilities for Plan assets not held in the Trust by the Trustee, except as provided in Section 6.1.

## ARTICLE 3

### CONTRIBUTIONS

- 3.1 Deferred Compensation Contributions and Matching Contributions. The Trustee shall receive Deferred Compensation Contributions and Matching Contributions from the Employer or TPA in cash or other property acceptable to the Trustee. The Trustee shall have no duty to collect or enforce payment to it of any Deferred Compensation Contributions or Matching Contributions, or to require any Deferred Compensation Contributions or Matching Contributions to be made, and shall have no duty to compute any amount to be paid to it nor to determine

whether amounts paid comply with the Plan. The responsibility of the Trustee is limited to sums of monies, securities and other properties actually received by it.

- 3.2 Trust Fund Assets. The assets of the Trust shall consist of all money and property received as Deferred Compensation Contributions and Matching Contributions, together with any income on or increment in such assets. The Trustee shall hold the assets of the Trust separately, but without distinction between principal and income.

#### ARTICLE 4

##### PAYMENTS FROM TRUST

- 4.1 Payments by Trustee. Payments of money or property from the Trust shall be made by the Trustee for any purpose authorized under the Plan upon written direction from the Plan Administrator or the TPA. The Trustee shall have no duty to inquire whether directions by the Plan Administrator or the TPA conform with the provisions of the Plan. Payments by the Trustee shall be delivered or mailed to addresses supplied by the Plan Administrator or the TPA and the Trustee's obligation to make such payments shall be satisfied upon such delivery or mailing. The Trustee shall have no obligation to determine the identity of persons entitled to benefits or their mailing addresses.
- 4.2 Dispute Payments. If a dispute arises over the propriety of any payment from the Trust, the Trustee may withhold payment until the dispute has been resolved by a court of competent jurisdiction or settled by the parties to the dispute. The Trustee may consult its legal counsel or legal counsel of the Employer and shall be protected to the extent permitted by law in acting upon advice of counsel.
- 4.3 Expenses of Administration. Expenses incurred by the Employer, Plan Administrator, Investment Managers, or other persons designated to act on behalf of the Employer or Plan Administrator shall be paid from the Trust upon the direction of the Plan Administrator in accordance with the terms of the Plan. The Trustee shall have no duty to inquire whether directions of the Plan Administrator conform to the provisions of the Plan or applicable law.
- 4.4 Payment on Court Order. The Trustee is authorized to make any payments directed by court order in any action in which the Trustee has been named as a party. The Trustee is not obligated to defend actions in which the Trustee is named but shall notify the Employer and the Plan Administrator of any such action and may tender defense of the action to the Employer or Plan Administrator. Subject to prior approval of the Plan Administrator, the Trustee may in its discretion defend any action in which the Trustee is named, and any expenses incurred by the Trustee shall be a charge upon the Trust unless paid by the Employer; provided, however, that the Trustee shall retain the right, in its sole discretion, to defend any action in which it is alleged that the Trustee violated the law or the terms of this Agreement.



## ARTICLE 5

### POWERS AND DUTIES OF TRUSTEE

#### 5.1 Investments.

(a) The Trustee shall administer the Trust as a nondiscretionary trustee and shall have no discretion or authority with regard to the investment of the assets of the Trust, but shall carry out investments as directed by the Plan Administrator as provided below. The Trustee shall have the right, power and authority to take any action or to enter into and carry out every agreement with respect to the Trust that may be necessary or advisable to discharge its investment responsibility as directed by the Plan Administrator.

(b) The Plan Administrator shall have sole and exclusive authority, control over and responsibility for the management, disposition and investment of the Trust's assets and shall select the Investment Funds in which Plan assets are invested. The Plan Administrator shall not issue a direction in violation of the terms of the Plan or this Agreement.

(c) The Trustee shall comply with, and may act only upon receiving, specific, proper, written directions from the Plan Administrator or the TPA on behalf of the Plan Administrator. The Trustee shall have no duty to determine whether such directions are proper and in accordance with the terms of the Plan, and the Trustee shall have no duty or responsibility to review, initiate action or make recommendations regarding the Trust assets to which such directions apply.

5.2 Proxies and Other Securities Voting Rights. The Trustee shall immediately forward to the Plan Administrator all proxies and other securities voting rights materials. Except for this duty to forward materials, the Trustee shall have no duty to exercise proxy or other voting rights related to any investment under the Plan except to the extent it is directed to act by the Plan Administrator.

5.3 Powers Necessarily and Reasonably Implied. The Trustee shall have all powers necessarily and reasonably implied from those powers expressly granted by this Agreement, including, but not limited to, the following powers which may only be exercised with proper direction, unless otherwise provided:

(a) In accordance with proper direction, to purchase, receive, or subscribe for any securities or other property and to retain in trust such securities or other property.

(b) In accordance with proper direction, to sell, at public or private sale, for cash or on credit, to grant options, convert, redeem, exchange for other securities or other property, to enter into standby agreements for future investment, either with or without a standby fee, or otherwise to dispose of, any securities or other property at any time held by it.

(c) In accordance with proper direction, to settle, compromise or submit to arbitration any claims, debts, or damages, due or owing to or from the Trust, to commence or defend suits or legal proceedings and to represent the Trust in all suits or legal proceedings in any court of law or before any other body or tribunal.

(d) In accordance with proper direction, to trade in financial options and futures, including index options and options on futures and to execute in connection therewith such account agreements and other agreements as shall be necessary.

(e) In accordance with proper direction, to exercise, in person or by proxy, all voting rights, tender or exchange rights, any conversion privileges, subscription rights and other rights and powers available in connection with any securities or other property at any time held by it; to oppose or to consent to the reorganization, consolidation, merger, or readjustment of the finances of any corporation, company or association, or to the sale, mortgage, pledge or lease of the property of any corporation, company or association any of the securities which may at any time be held by it and to do any act with reference thereto, including the exercise of options, the making of agreements or subscriptions and the payment of expenses, assessments or subscriptions, which shall be necessary in connection therewith, and to hold and retain any securities or other property which it may so acquire; and to deposit any property with any protective, reorganization or similar committee, and to pay and agree to pay part of the expenses and compensation of any such committee and any assessments levied with respect to property so deposited.

(f) In accordance with proper direction, to borrow money in such amounts and upon such terms and conditions as shall be directed to carry out the purposes of the Trust and to pledge any securities or other property for the repayment of any such loan.

(g) In accordance with proper direction, to invest all or a portion of the Trust assets in contracts issued by insurance companies, including contracts which provide for the allocation of amounts thereunder to the insurance company's general account and/or to one or more of its separate accounts or commingled separate accounts managed by the insurance company for the collective investment of assets of retirement plans.

(h) In accordance with proper direction, to manage, administer, operate, lease for any number of years, develop, improve, repair, alter, demolish, mortgage, pledge, grant options with respect to, or otherwise deal with any real property or interest therein at any time held by it, and to hold any such real property in its own name or in the name of a nominee, with or without the addition of words indicating that such property is held in a fiduciary capacity.

(i) In accordance with proper direction, to renew, extend or participate in the renewal or extension of any mortgage, and to agree to a reduction in the rate of



interest on any mortgage or of any guarantee pertaining thereto; to waive any default, whether in the performance of any covenant or condition of any mortgage or in the performance of any guarantee, or to enforce any such default; to exercise and enforce any and all rights of foreclosure, to bid on property in foreclosure, to take a deed in lieu of foreclosure with or without paying consideration therefor, and in connection therewith to release the obligation on the bond secured by such mortgage, and to exercise and enforce in any action, suit or proceeding at law or in equity any rights or remedies in respect to any such mortgage or guarantee.

(j) To employ suitable agents and counsel and, with the approval of the Plan Administrator, to pay their reasonable and proper expenses and compensation out of the Trust assets to the extent they are not paid by the Employer.

(k) In accordance with proper direction, to purchase and sell foreign exchange and contracts for foreign exchange.

(l) In accordance with proper direction, to form corporations or partnerships and to create trusts to hold title to any securities or other property.

(m) To register any securities held by it hereunder in its own name or in the name of a nominee with or without the addition of words indicating that such securities are held in a fiduciary capacity and to hold any securities in bearer form and to deposit any securities or other property in a depository or clearing corporation; provided, however, that the Trustee shall be responsible for any loss caused by failure to identify that the securities are held in a fiduciary capacity.

(n) To make, execute and deliver, as Trustee, with or without a provision for no individual liability on its part, any and all deeds, leases, mortgages, conveyances, waivers, releases, or other instruments in writing necessary for the accomplishment of any of the foregoing powers in this Section.

(o) To hold that portion of the Trust assets as directed by the Plan Administrator for ordinary administration and for the disbursement of funds in cash, without liability for interest, by depositing the same in any bank (including deposits which bear a reasonable rate of interest in a bank or similar financial institution supervised by the United States or a State, even where a bank or financial institution is the Trustee, or otherwise is a fiduciary of the Plan), subject to the rules and regulations governing such deposits, and without regard to the amount of any such deposit.

(p) In accordance with proper direction, the assets of the Trust may be invested and reinvested, in whole or in part, in any common or collective Investment Fund maintained by an Investment Manager in which the Trust is eligible to participate. Notwithstanding any other provision of this Agreement, to the extent Trust assets are invested in any such Investment Fund, the terms of the fund's governing instrument shall govern the investment responsibilities and powers of the Investment Manager, and the terms of such governing instrument

shall be incorporated into this Trust Agreement. The value of any interest in a fund held by the Trust shall be the fair market value of the interest as determined, in accordance with the terms of the Plan, by the Plan Administrator or the TPA. For purposes of valuation of the Trust assets, the Trustee shall be entitled to rely conclusively on the value reported by the Plan Administrator or its Agent.

(q) Notwithstanding any contrary provision in the instrument governing the Plan, in accordance with proper direction, the Trustee may transfer assets of the Plan to a group trust that is operated or maintained exclusively for the commingling and collective investment of monies provided that the funds in the group trust consist exclusively of trust assets held under plans qualified under Code section 401(a), individual retirement accounts that are exempt under Code section 408(e), and eligible governmental plans that meet the requirements of Code section 457(b). For this purpose, a trust includes a custodial account that is treated as a trust under Code section 401(f) or under Code section 457(g)(3). For purposes of valuation, the value of the interest maintained by the Plan in such group trust shall be the fair market value of the portion of the group trust held for the Plan determined in accordance with generally recognized valuation procedures.

## ARTICLE 6

### FIDUCIARY RESPONSIBILITIES AND INDEMNITIES

- 6.1 Relationship of Fiduciaries. Except as otherwise provided herein, the Trustee shall be solely responsible for its own acts or omissions and for the acts and omissions of its agents and assigns and not for the acts or omissions of other Plan fiduciaries, and it shall have no duty to question any other fiduciary's performance of fiduciary duties allocated to other fiduciaries by the Plan or this Trust Agreement. The Trustee shall be liable for a breach of duty committed by another fiduciary (a "co-fiduciary") only under the following circumstances: (i) where the Trustee knowingly participates in, approves, acquiesces in, or conceals a breach of duty committed by a co-fiduciary, (ii) where the Trustee fails to notify the Employer in writing if the Trustee knows of the breach of duty of a co-fiduciary, or (iii) where the Trustee's failure to perform its own duties has enabled a co-fiduciary to commit a breach. Nothing in this Section 6.1 shall impose a duty to inquire to the extent such duty is limited by Section 6.4.
- 6.2 Exclusive Benefit Rule. The Trustee shall discharge its duties under this Trust Agreement for the exclusive benefit, and solely in the interest, of the Participants and their Beneficiaries. No part of the principal or income of the Trust shall be used for, or diverted to, purposes other than the exclusive benefit of Participants or their Beneficiaries or the reasonable expenses of administering the Plan until all liabilities for benefits due Participants or their Beneficiaries have been satisfied.



6.3 Duty of Care. The Trustee shall discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a professional prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and in accordance with the documents and instruments governing the Plan and the Trust.

6.4 Limitation of Liability.

The Trustee shall not be liable but shall be fully protected by reason of its taking or refraining from taking any action at the direction of the Plan Administrator or TPA, nor shall the Trustee be liable but shall be fully protected by reason of its refraining from taking any action because of the failure of the Plan Administrator or TPA to give direction or order. The Trustee shall be under no duty to (i) question or make inquiry as to any direction, notification or order or failure to give a direction, notification or order by the Plan Administrator or TPA, or (ii) make any review of, or any recommendation with respect to disposing of or retaining, any investments directed by the Plan Administrator or the TPA on behalf of the Plan Administrator.

6.5 Indemnities. The Employer shall indemnify and hold the Trustee harmless against any loss or liability, suits, expense (including defense costs, lien fees, judgments, fines, penalties, and claims for damages of any nature whatsoever) including reasonable attorney's fees, imposed upon the Trustee as a result of any acts taken, transactions effected, or securities or other property held by the Trustee in accordance with written directions from the Plan Administrator, or any of its agents; or any failure of the Trustee to act in the absence of such written directions. To the extent permitted by law, the Employer hereby agrees to indemnify and hold harmless the Trustee from and against any claims, losses, damages, expenses (including reasonable counsel fees), and liability to which the Trustee may be subject by reason of any act or omission of any subsequent or other existing fiduciary of the Plan. This provision shall not apply to indemnify the Trustee to the extent the Trustee (i) breaches its duties under this Trust Agreement or otherwise is negligent or reckless in the exercise of its responsibilities hereunder, (ii) fails to follow any proper direction given to it hereunder, or (iii) is liable for the breach of a co-fiduciary as provided under Section 6.1 of this Agreement.

If the Trust ceases to be treated as a tax-exempt trust in accordance with Sections 457(g) and 501(a) of the Code, the Employer shall indemnify the Trustee for any taxes that the Trustee is required to pay as a result of the distribution made at the direction of the Plan Administrator, and the Employer shall be subrogated to the right of the Trustee to proceed against any person benefiting from such tax payment.

## ARTICLE 7

### ACCOUNTS AND REPORTS OF THE TRUSTEE

- 7.1 Records. The Trustee shall establish and maintain accurate records and accounts of all transactions and assets of the Trust in accordance with all pertinent requirements. Within ten days of the Employer's written request, the Trustee shall allow the Employer or any other authorized State or Federal agency or any duly authorized representative thereof to access, examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or other record relating to this Agreement. Unless otherwise expressly authorized by Employer, Trustee shall make available at a location within Los Angeles County such materials including all Trust investment, billing, and other statistical and financial records for four years after the termination date of this Agreement, or until all audits are complete, whichever is later.
- 7.2 Reports. The Trustee shall provide the TPA and the Employer with a monthly accounting report of all transactions such that the TPA can perform a full reconciliation of the Plan within thirty days of month end. The Trustee will cooperate with the Employer and the TPA in the performance of the monthly reconciliations. The monthly trustee report shall also include a listing of the assets of the Plan, showing the carrying and market values of such assets at the close of the period covered by the report.
- 7.3 Valuation. The value of the assets of the Trust shall be determined on each Valuation Date by the Plan Administrator or the TPA or the custodian, as delegated by the Administrative Committee. The Plan Administrator, the TPA or the custodian shall communicate such valuation to the Trustee. If the Plan Administrator or the TPA fails to provide values, the Trustee may take whatever action it deems reasonable, including employment of attorneys, appraisers or other professionals, the expense of which will be an expense of the administration of the Trust.
- 7.4 Contributions and Investments. Each Deferred Compensation Contribution and Matching Contribution will be deposited by the Employer no later than the 15<sup>th</sup> business day of the month following the month in which the Participant's Deferred Compensation Contribution would otherwise have been payable to such Participant in cash.

The Trustee shall transfer funds among the various Investment Funds available under the Plan in accordance with the investment instructions from the Plan Administrator as communicated to the Trustee by the Plan Administrator or TPA. Such transfers shall be effective by no later than the next business day following the date on which the Trustee receives such instructions, or such later date as is commercially reasonable under the circumstances, unless otherwise provided by the Plan Administrator.



The Trustee will provide a complete report of all transactions on a monthly basis.

- 7.5 Audits. The Trustee will cooperate annually with an independent certified public accountant selected by the Plan Administrator to perform a financial audit of the Plan in such a manner that the audit can be completed by December 31st of each year. The audit will be paid for by the Plan.

In the event this Agreement is terminated or is not renewed after the stated term, and without regard to whether a new trustee is selected, the Trustee will provide staff and records reasonably needed to allow for the completion of the annual financial audit of the latest Plan Year within six (6) months of the termination date. The Trustee shall also make staff available to answer questions and provide technical assistance as needed during the transition period.

- 7.6 Settlement of Account. Nothing contained in this Agreement or in the Plan shall deprive the Trustee of the right to have a judicial settlement of its account. In any proceeding for a judicial settlement of the Trustee's account or for instructions in connection with the Trust, the only necessary party thereto in addition to the Trustee shall be the Employer, and no Participant or other person having or claiming any interest in the Trust assets shall be entitled to any notice or service of process (except as required by law). Any judgment, decision or award entered in any such proceeding or action shall be conclusive upon all interested persons.

## ARTICLE 8

### COMPENSATION OF TRUSTEE

- 8.1 Trustee Fees and Expenses. The Trustee shall be entitled to annual fees as compensation for its services as set forth in the attached Schedule A. The fees set forth in said Schedule shall apply during the first 18 months services are rendered by Trustee. Thereafter, said fees shall be subject to renegotiation, with revised fees to become effective 180 days after Trustee gives written notice of the intent to revise its fees.
- 8.2 Invoice and Payment. The Trustee shall invoice the Plan Administrator quarterly for services provided under this Agreement. Upon direction of the Plan Administrator, payment shall be made to the Trustee directly from Plan assets. Trustee fees also may be paid directly by the Employer which may be reimbursed from Plan assets upon direction of the Plan Administrator.
- 8.3 Audit Settlement Clause. If, at any time during the term of this Agreement or at any time the expiration or termination of this Agreement, authorized representatives of the Employer conduct an audit of the Trustee regarding the services provided to the Plan hereunder, and if such audit reasonably finds that the Plan's dollar liability for such services is less than payments made by the Plan to the Trustee, then the Plan agrees that the difference, at the Plan Administrator's discretion, shall be either: (1) repaid forthwith by the Trustee to the Plan by cash

payment, or (2) credited against any future payments hereunder to the Trustee. If such audit reasonably finds that the Plan's dollar liability for services provided hereunder is more than payments made by the Plan to the Trustee, then the difference shall be paid to the Trustee by the Plan.

## ARTICLE 9

### RESIGNATION AND REMOVAL OF TRUSTEE

9.1 Resignation. The Trustee may resign at any time from its responsibilities as Trustee with respect to the Trust upon at least sixty (60) days written notice to the Employer.

9.2 Removal. The Employer may remove the Trustee from its responsibilities as trustee with respect to the Trust upon at least thirty (30) days written notice to the Trustee; provided, however, that if the Trustee is in material default of any of its obligations under this Agreement, and such default is not cured within ten (10) days of the receipt of notice of default from the Employer, or within such longer period as the Employer in its sole discretion may grant, the Employer may immediately remove the Trustee, and the Trustee shall be liable for all damages resulting from Trustee's default.

9.3 Appointment of a Successor. Upon resignation or removal of the Trustee, the Employer shall appoint a successor trustee. Upon failure of the Employer to appoint a successor trustee by the effective date of resignation or removal, the Plan Administrator shall become successor trustee until another successor trustee is appointed.

Upon appointment of the successor trustee the Trustee shall deliver to the successor trustee such records as may be reasonably required to enable the successor trustee properly to administer the Trust, and shall deliver to the successor trustee all property of the Trust after deducting such fees and reasonable expenses as are authorized by this Agreement.

9.4 Settlement of Account. Upon resignation or removal, the Trustee shall have the right to a settlement of its account, which settlement shall be made, at the Trustee's option, either by a judicial settlement in an action instituted by the Trustee, or by an agreement of settlement between the Trustee and the Employer.

9.5 Termination of Responsibility. Upon transfer of the assets of the Trust to the successor trustee, all rights and privileges with respect to the assets of the transferred Trust under the Plan and this Trust Agreement shall vest in the successor trustee. Thereafter, upon settlement of the account, the Trustee's responsibilities and duties under this Agreement with regard to the Trust assets shall terminate.



## ARTICLE 10

### AMENDMENT AND TERMINATION

- 10.1 Amendment. The Employer reserves the right to amend any or all of the provisions of this Trust Agreement. Amendments to the Trust Agreement shall be subject to the approval of the Trustee. No amendment shall be made that will permit any part of the Trust to be used for, or diverted to, any purpose other than the exclusive benefit of Participants or their Beneficiaries or the reasonable expenses of administering the Plan until all liabilities for the benefits due Participants or their Beneficiaries have been satisfied.
- 10.2 Termination. The Trust may be terminated by the Employer with at least sixty (60) days written notice to the Trustee. Upon termination of the Trust, the assets shall be liquidated and/or distributed as directed by the Plan Administrator.

## ARTICLE 11

### MISCELLANEOUS

- 11.1 Plan Administrator's Directions. Directions by the Plan Administrator to the Trustee shall be in writing and signed by the Plan Administrator or persons authorized by the Plan Administrator. Persons authorized to give directions to the Trustee on behalf of the Plan Administrator shall be identified to the Trustee by written notice from the Plan Administrator and such notice shall contain specimens of the authorized signatures. The Trustee shall be entitled to rely upon such written notice as evidence of the identity and authority of the persons appointed until a written cancellation of the appointment, or the written appointment of a successor, is received by the Trustee.
- 11.2 Electronic or Telephonic Communications. Any direction required to be given in writing by this Trust Agreement may be delivered electronically or telephonically to the extent permitted by the Contract By and Between the County of Los Angeles and Great-West Life & Annuity Insurance Company for Third Party Administrative Services.
- 11.3 Restrictions on Alienation. Except as otherwise provided in the Plan, the interest of any Participant or Beneficiary in the Trust shall not be subject to the claims of their creditors and may not be assigned, transferred, alienated, or encumbered. Any attempt at alienation shall be void, and the Trustee shall disregard any attempted alienation, except as permitted by law. To the extent permitted by law, the assets of the Trust shall not be liable for or subject to debts or torts of any Participant or Beneficiary, and benefits shall not be considered an asset of a Participant in bankruptcy. This does not preclude the Trustee from complying with a certified domestic relations order (CDRO), as that term is defined in the Plan.

11.4 Correction of Mistakes. The Trustee shall, upon instructions from the Plan Administrator, return to the applicable Participant(s) any Deferred Compensation Contributions made on mistake of fact to the extent permitted under applicable law. The Trustee shall be under no obligation to return any part of the Trust assets as provided in this Section 11.4 until the Trustee has received a written certification from the Employer that such return is in compliance with this Section 11.4, the terms of the Plan and applicable law. The Trustee shall rely conclusively on such written certification and shall be under no obligation to investigate or otherwise determine its propriety.

11.5 Construction. This Trust Agreement shall be construed and administered under the Code and under the laws of the State of California. If any provision is susceptible to more than one interpretation, the interpretation to be given is that which is consistent with the Plan and Trust being a governmental plan and a related trust under Section 457 of the Code. If any provision of the Trust Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions shall continue to be fully effective.

Headings or subheadings are inserted for convenience of reference only and are not to be considered in the construction of the provisions of the Trust Agreement.

11.6 Execution and Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be deemed an original and said counterparts shall constitute but one instrument, which may be sufficiently evidenced by any one counterpart.

11.7 Insurance. The Trustee shall provide the Employer with a copy of the banker's blanket bond in effect on the effective date of this Agreement, and shall notify the Employer of any changes in such policy in accordance with the provisions therein.

11.8 Successors and Assigns. This Trust Agreement shall inure to the benefit of any and may be binding upon, the parties and their successors and assigns.

11.9 Gender. As used in this Trust Agreement, the masculine gender shall include the feminine and neuter genders and the singular shall include the plural and the plural the singular as the context requires.



IN WITNESS WHEREOF, the parties hereby sign and execute this Agreement as of the date first above written.

WELLS FARGO BANK, N.A.

By: [Signature]  
Its: Vice President

COUNTY OF LOS ANGELES

By: YVONNE B. BURKE

[Signature]  
CHAIR, BOARD OF SUPERVISORS

APPROVED AS TO FORM:

By: [Signature]

ATTEST: SACHI A. HAMAI  
EXECUTIVE OFFICER  
CLERK OF THE BOARD OF SUPERVISORS

By: [Signature] Deputy

NOV 20 2008



I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

SACHI A. HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

By: [Signature] Deputy  
NOV 20 2008

76807

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

13

JUN 17 2008

[Signature]  
SACHI A. HAMAI  
EXECUTIVE OFFICER

**SCHEDULE A**

**LOS ANGELES COUNTY**

**ANNUAL FEES FOR TRUSTEE SERVICES**

The Trustee's compensation for the trustee services being provided under this Agreement is included in the fees being received by Great-West under the Administrative Service Agreement between the Employer and Great-West. Great-West will forward such trustee fees to Wells Fargo Bank, N.A. at no additional cost to the Employer.



**CONTRACT**

**BY AND BETWEEN**

**COUNTY OF LOS ANGELES**

**AND**

**GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

**FOR**

**THIRD PARTY ADMINISTRATIVE SERVICES**

**(County of Los Angeles Defined Contribution Program)**

**CONTRACT NO.: 76808**

76808



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THIRD PARTY ADMINISTRATIVE SERVICES  
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(CONTRACT NO. 76808)

**CONTRACT BETWEEN  
COUNTY OF LOS ANGELES  
AND  
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY  
FOR  
THIRD PARTY ADMINISTRATIVE SERVICES  
(County of Los Angeles Defined Contribution Program)**

This Contract and Exhibits made and entered into this 20th day of November 2008 by and between the County of Los Angeles, hereinafter referred to as County and Great-West Life & Annuity Insurance Company, hereinafter referred to as Contractor. Contractor's corporate headquarters is located in Greenwood Village, Colorado.

**RECITALS**

WHEREAS, the County has adopted (1) the Termination Pick-Up Plan pursuant to Section 401(a), of the Internal Revenue Code of the United States (the "Code"), (2) the Pension Saving Plan pursuant to Section 457(b) of the Code, (3) the Deferred Compensation and Thrift Plan pursuant to Section 457(b) of the Code, and (4) the Savings Plan pursuant to Section 401(k) of the Code, (wherein each is generically identified as the "Plan" or cumulatively known as the "Defined Contribution Program"), under which the County and various entities, whose employees are eligible for certain County benefits that are governed by the County's Board of Supervisors (the "Board"), are authorized to provide deferred compensation to their eligible employees; and

WHEREAS, the County may contract with private businesses for services related to the Defined Contribution Program, consistent with Section 44.7 of the Los Angeles County Charter, Part 3 of Chapter 2.104 of the County Code, State and

County contracting policies, and Chapter 7 of Title 9 of the California Government Code (Section 87000, et seq.); and

WHEREAS, the County contracts with private businesses to provide such administrative services in connection with the Defined Contribution Program as the Administrative Committee of each Plan (the respective "Committee") may deem necessary or proper;

WHEREAS, the County has solicited and evaluated proposals from private firms specializing in third party administrative services ("TPA services") for defined contribution plans and has determined Contractor is able to provide such services under terms and conditions that are most advantageous to the County, the Defined Contribution Program, and Participants;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties agree to the following:

## **1.0 APPLICABLE DOCUMENTS**

Exhibits A, B, C, D, E, F, G, H, I and J are attached to and form a part of this Contract. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the Contract and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the Contract, including Amendments and Implementing Memoranda executed by the parties pursuant to either subsections 3.2 IMPLEMENTING MEMORANDA, 3.3 SUPPLEMENTAL SERVICES, or 8.4 AMENDMENTS, and then to the Exhibits according to the following priority.

### **Standard Exhibits:**

- EXHIBIT A - Statement of Work
- EXHIBIT B - Pricing Schedule
- EXHIBIT C - Contractor's Proposed Schedule
- EXHIBIT D - Contractor's EEO Certification



- EXHIBIT E - County's Administration
- EXHIBIT F - Contractor's Administration
- EXHIBIT G - Forms Required at the Time of Contract Execution
- EXHIBIT H - Jury Service Ordinance
- EXHIBIT I - Safely Surrendered Baby Law
- EXHIBIT J - Performance Standards

This Contract, the Exhibits hereto and any Implementing Memorandum entered into by the County and the Contractor pursuant to subsection 3.2 IMPLEMENTING MEMORANDA constitute the complete and exclusive statement of understanding between the parties, and supersedes all previous Contracts, written and oral, and all communications between the parties relating to the subject matter of this Contract. Changes to this Contract, the Exhibits, and any Implementing Memorandum shall only be valid if the changes are made pursuant to subsections 3.2 IMPLEMENTING MEMORANDA, 3.3 SUPPLEMENTAL SERVICES, or 8.4 AMENDMENTS and are signed by both parties.

## **2.0 DEFINITIONS**

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following words as used herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

- a. "CHIEF EXECUTIVE OFFICER" - The Chief Executive Officer (the "CEO") of the County of Los Angeles or his/her designee.
- b. "CONTRACT" - The agreement executed between County and Contractor including the Exhibits, any Implementing Memoranda and amendments thereto executed.
- c. "CONTRACTOR" - The sole proprietor, partnership, or corporation that has entered into a contract with the County to perform or execute the work covered by the Statement of Work.



- d. "CONTRACTOR PROJECT MANAGER" - The individual designated by the Contractor to administer the Contract operations after the Contract award.
- e. "COUNTY CONTRACT PROJECT MONITOR" - Person with responsibility to oversee the day to day activities of the operations of this Contract. Responsibility for inspections of any and all tasks, deliverables, goods, services and other work provided by the Contractor.
- f. "COUNTY PROJECT DIRECTOR" - Person designated by County with authority to make decisions for County on contractual or administrative matters relating to this Contract that cannot be resolved by the County's Project Manager.
- g. "COUNTY PROJECT MANAGER" - Person designated by County's Project Director to manage the overall operations under this Contract.
- h. "DAY(S)" - Calendar day(s) unless otherwise specified.
- i. "DOCUMENT" – means a writing as defined in Section 250 of the California Evidence Code.
- j. "FISCAL YEAR" - The twelve (12) month period beginning July 1st and ending the following June 30th.
- k. "PARTICIPANT(S)" - Employees, former employees, alternate payees, and beneficiaries with an account balance in a Plan.
- l. "TRANSITION PERIOD" – The period of time during which the Contractor provides transition services prior to the beginning of the term of the Contract.

### **3.0 SCOPE OF WORK**

- 3.1 Pursuant to the provisions of this Contract, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in *Exhibit A – Statement of Work*.
- 3.2 IMPLEMENTING MEMORANDA. The County and Contractor recognize that a close degree of cooperation will be required to implement the services detailed in this Contract. The parties further recognize that a certain amount of flexibility will be required to adapt to presently unforeseen circumstances and to improve administration of the Defined Contribution Program. To preserve such flexibility, certain items have been covered in this Contract in general terms only with the understanding that details are to be set forth in an "Implementing Memoranda" to be executed at a later date. Implementing Memoranda shall also be used to clarify or extrapolate additional details of services already described within this Contract. Each Implementing Memoranda shall be approved and executed by the CEO and the Contractor and shall be attached hereto as an addendum to the Contract and become part of the Contract. The Implementing Memoranda may be changed and amended from time to time as necessary with the approval and execution of the CEO and the Contractor.
- 3.3 SUPPLEMENTAL SERVICES. The CEO is authorized to negotiate with the Contractor and amend *Exhibit B – Pricing Schedule* for any one-time additional unanticipated but direct necessary work for the Defined Contribution Program that is not reflected in the *Exhibit A – Statement of Work*. Contractor's current hourly billing schedule will be used as the basis for determining the Contractor's cost of the additional services. Such supplemental services(s) shall be set forth in writing and executed as follows: the CEO is authorized to

negotiate a "Supplemental Services Agreement" that revises *Exhibit B – Pricing Schedule*, so long as (1) the cost to the Plan for each Supplemental Service Agreement does not exceed \$25,000 in any one fiscal year, and (2) the aggregate fiscal cost to the Plan of all Supplement Services Agreements with the Contractor that are executed by the CEO during the fiscal year does not exceed \$150,000.

- 3.4 If the Contractor provides any tasks, deliverables, goods, services, or other work, other than as specified in this Contract, the same shall be deemed to be a gratuitous effort on the part of the Contractor, and the Contractor shall have no claim whatsoever against the County.

#### **4.0 TERM OF CONTRACT**

- 4.1 Unless terminated earlier by the County in accordance with the terms of this Contract, the term of this Contract shall be five (5) years commencing on July 1, 2008 or, if later, the date of the first full month the Contractor has assumed full responsibility for providing third party administrative services for the Defined Contribution Program; as evidenced, by the Contractor's executed "Certification", as specified in *Exhibit A - Statement of Work*.
- 4.2 Subject to the County's right to terminate this Contract, this Contract shall continue in full force and effect until the latter of the date this Contract is scheduled to expire, June 30, 2013, or the new scheduled expiration date taking into account any extensions exercised by the County under subsection 4.3.

In the event the County terminates this Contract or the Contract, whether or not it has been extended, is permitted to expire, the County acknowledges that it may not be in the best interest of the Defined Contribution Program and the Participants to immediately



terminate all services with the Contractor. The County reserves the right to notify the Contractor that it is to continue providing an adjusted level of services, as determined by the County, until transition to a new third party administrator is completed.

- 4.3 The County shall have the sole option to extend this Contract term for up to two (2) additional one-year periods, for a maximum total Contract term of seven (7) years. Each such option and extension shall be exercised at the sole discretion of the Board of Supervisors.
- 4.4 The parties agree that transition services, as set forth in Section 1.0 of Exhibit A - Statement of Work, are to be performed prior to the beginning of the Contract term and at the expense of Contractor. Contractor agrees that, notwithstanding anything in this Contract to the contrary, in providing services during the Transition Period it will be bound by the obligations and responsibilities set forth in this Contract, including, without limitation, the standard of care, confidentiality requirements and intellectual property provisions, as though the term of the Contract had begun.

## **5.0 CONTRACT SUM**

- 5.1 The Contractor shall be paid according to the schedule reflected in *Exhibit B – Pricing Schedule*.
- 5.2 The Contractor shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein. The Contractor shall only be paid for direct services to the Plan; consequently, the Contractor shall not invoice the County and no reimbursement will be made for “overhead expenses” or “project

management services". Furthermore, unless explicitly included in *Exhibit B – Pricing Schedule*, the Contractor shall be responsible for the cost of any travel required to perform services in this Contract.

For purposes of this Contract, the term

1. "Overhead expenses" shall be determined by the County and shall include, without limitation, expenses Contractor would have incurred regardless of providing services to the Defined Contribution Program such as utilities and corporate office space.
2. "Project management services" shall be determined by the County and shall include, without limitation, expenses related to contract negotiations, legal services, systems maintenance/enhancements, and the supervision of sub-contractors.

5.3 The Contractor shall maintain a system of record keeping that will allow the Contractor to determine when it has incurred seventy-five percent (75%) of the total contract authorization under this Contract for the fiscal year. Upon occurrence of this event, the Contractor shall send written notification to the address herein provided in *Exhibit E - County's Administration*.

5.4 **No Payment for Services Provided Following Expiration/Termination of Contract.** The Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the Contractor after the expiration or other termination of this Contract. However, if the Contract has:

1. Expired and the County has notified the Contractor that it shall continue to provide services until transition to a new third party administrator is completed, the Contractor will continue to be paid month to month based on latest Pricing Schedule.
2. Been terminated by the County and the County has notified the Contractor that it shall continue to provide services until transition to a new third party administrator is completed, the Contractor will be paid on a month to month basis with the amount paid prorated based on the adjusted service level.

Should the Contractor receive payments after the expiration or termination of this Contract, except as provided above, the Contractor shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Contract shall not constitute a waiver of County's right to recover such payment from the Contractor. This provision shall survive the expiration or other termination of this Contract.

## **5.5 Invoices and Payments**

5.5.1 The Contractor shall invoice the County only for providing the tasks, deliverables, goods, services, and other work specified in *Exhibit A - Statement of Work* and elsewhere hereunder. The invoice shall provide a detailed description of the services rendered to the Plans as of the last business day of the prior month. The charges owed to the Contractor by the County shall be in accordance with *Exhibit B - Pricing Schedule* or as provided elsewhere in this Contract.

5.5.2 The Contractor shall submit the monthly invoices to the County by the 15<sup>th</sup> of the month following the month of service. All invoices under this Contract shall be submitted to



the address herein provided in *Exhibit E - County's Administration*.

5.5.3 The County shall authorize payment to the Contractor in accordance with the "Administrative Accounts" specified in *Exhibit A -Statement of Work*. On the last business day of each month, the Contractor shall deduct from individual Participant accounts the per participant fee established in *Exhibit B - Pricing Schedule* and deposit the collected fees into the appropriate Administrative Account for each Plan. The aggregate collected fees should equal the charges reflected on the Contractors invoice for that corresponding month of service and, in the event of a discrepancy, the Contractor shall notify the County Project Manager. Collected fees shall remain in the Administrative Account until payment to the Contractor is authorized by the County.

The Contractor is solely responsible for deducting the per participant fees from individual Participant accounts on a monthly basis. If the Contractor fails to collect such fees as provided herein, the Contractor shall waive any rights to such fees and shall hold harmless the individual Participants, the Plans, the County, the Board, the respective Administrative Committee and its members and staff from and against any and all claims for such unpaid fees and interest.

5.5.4 **County Approval of Invoices.** All invoices submitted by the Contractor for payment must be acceptable to the County in form (ie. necessary level of detail and be properly allocated among the Plans), in its sole discretion, and have the written approval of the CEO or designate prior to any payment thereof. In no event shall the County be liable or

responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld.

Upon the County's written approval for payment, the Contractor is solely responsible for issuing payment to itself pursuant to the Administrative Account and banking procedures established in *Exhibit A -Statement of Work*. If the Contractor fails to collect such fees within 90 calendar days of the date the County approved the payment, the Contractor shall waive any rights to such fees and shall hold harmless the individual Participants, the Plans, the County, the Board, the respective Administrative Committee and its members and staff from and against any and all claims for such unpaid fees and interest.

#### **5.6 Cost of Living Adjustments (COLA's)**

The per participant fee charged to each Plan may be adjusted annually, effective July 1 of each contract year, based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index – All Urban Areas (CPI-U) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date. However, notwithstanding the foregoing, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Executive Office for the prior 12-month period preceding the beginning of the applicable contract year. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries during the prior 12-month period preceding the beginning of the applicable contract year, no cost of living adjustments will be granted during the current fiscal year.

Contract fees may be reduced in accordance to subsection 8.3  
BUDGET REDUCTIONS.

## **6.0 ADMINISTRATION OF CONTRACT - COUNTY**

A listing of all County Administration referenced in the following subsections are designated in *Exhibit E - County's Administration*. The County shall notify the Contractor in writing of any change in the names or addresses shown.

### **6.1 County's Project Director**

Responsibilities of the County's Project Director include:

1. Ensuring that the objectives of this Contract are met;
2. Recommending to the Board any changes to this Contract;
3. Authorizing subcontracting by the Contractor pursuant to subsection 8.7 SUBCONTRACTING;
4. Reviewing the Contractor's request to use the name of the County and Defined Contribution Program in publicity, in accordance with subsection 8.38 PUBLICITY; and
5. Notifying the Contractor of termination of the Contract.

### **6.2 County's Project Manager**

The responsibilities of the County's Project Manager include:

1. Meeting with the Contractor's Project Manager on a regular basis
2. Providing direction to the Contractor in the areas relating to County policy, information requirements, and procedural requirements;



3. Issuing all notices and demands from the County as provided in subsection 8.36 NOTICES.
4. Reviewing invoices for payment authorization.

The County's Project Manager is not authorized to make any changes in any of the terms and conditions of this Contract and is not authorized to further obligate County in any respect whatsoever. The County Project Manager reports to the County Project Director.

### **6.3 County's Contract Project Monitor**

The County's Project Monitor is responsible for overseeing the day-to-day administration of this Contract including, without limitation, inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of the Contractor. The Project Monitor reports to the County's Project Manager.

## **7.0 ADMINISTRATION OF CONTRACT - CONTRACTOR**

### **7.1 Contractor's Project Manager**

7.1.1 The Contractor's Project Manager is designated in *Exhibit F - Contractor's Administration*. The Contractor shall notify the County in writing of any change in the name or address of the Contractor's Project Manager.

7.1.2 The Contractor's Project Manager shall be responsible for the Contractor's day-to-day activities as related to this Contract and shall coordinate with County's Project Manager and County's Contract Project Monitor on a regular basis.

7.1.3 The Contractor's Project Manager must have five years of experience as a defined contribution plan Relationship Manager with major clients or seven years of experience in the administration and operation of defined contribution plans.

## **7.2 Approval of Contractor's Staff**

County has the absolute right to approve or disapprove all of the Contractor's staff performing work hereunder and any proposed changes in the Contractor's staff, including, but not limited to, the Contractor's Project Manager. The Contractor shall remove from performing work under this Contract any Contractor staff the County disapproves.

## **7.3 Notice to County of Contractor Organizational/Staffing Changes**

Contractor shall notify the County Project Director within five (5) business days of any changes to the Contractor's corporate structure, including changes to the executives responsible for third party administrator retirement services and those managers that have material responsibility for the services provided under this Contract. The notice shall include the circumstances surrounding the changes and resumes of any new managers.

Contractor shall provide the County Project Director an organizational chart reflecting the Contractor's corporate hierarchy, functional units, and the managers and key staff responsible for Plan services. The organizational chart shall identify changes to the structure or staffing since the last submission.

## 7.4 Contractor Compensation

Contractor acknowledges that compensation for all services provided to or related to the Defined Contribution Program shall be paid solely by the County or the Plans in accordance with provisions set forth in section 5.0 CONTRACT SUM.

7.4.1 Contractor shall not accept for Contractor's own account or the account of an affiliate, shareholder, employee, director, or agent of the Contractor, directly or indirectly, any form of compensation, including gratuity or services in-kind, from third parties for services directly or indirectly related to the Defined Contribution Program or individual Plan(s). In the event of a third party proposition, Contractor shall notify the County within five (5) business days of the proposition and disclose all facts of the proposed compensation arrangement; in no event shall Contractor accept such compensation from a third party.

7.4.2 Contractor acknowledges that any earnings generated by Plan assets or monetary savings due to Plan operations are to remain in the Plans for the sole benefit of Participants, except as otherwise provided in this subsection. In addition to recordkeeping the investment growth within Participant accounts, the Contractor shall identify all forms of revenue and interest earnings generated by Plan assets in individual and Plan accounts, such as 12b-1 fees and other rebates, sub-transfer agent fees, and interest earnings generated from the balances within the Defined Contribution Program's bank accounts and Administrative Accounts. Revenue shall be deposited



into the appropriate Plan Administrative Account(s) in accordance with *Exhibit A – Statement of Work*. If the Contractor has questions about where the revenue or interest earnings should be credited, the Contractor shall contact the County Project Manager for deposit instructions. Contractor shall waive any claim to earnings or savings generated by Plan assets.

7.4.3 To the extent a self-directed brokerage account ("SDBA") is added by the County and the SDBA provider can not separately report to the Contractor the revenue attributable to the SDBA assets of individual plans, the Contractor agrees that all revenues generated by the SDBA will be used to reduce the Contractor's per-participant linkage fees for providing the SDBA and shall notify County that Plan-level reporting of the revenues directly generated by the SDBA is not available. The Contractor agrees to work with the County Project Manager to develop a meaningful method of reporting to the County the annual revenues earned by Contractor and attributable to the SDBA assets.

## **7.5 Contractor's Staff Compensation**

7.5.1 Pursuant to subsection 8.8 INDEPENDENT CONTRACTOR STATUS, the Contractor shall be solely responsible for the compensation of the Contractor's staff providing services to the Defined Contribution Program pursuant to this Contract.

7.5.2 Contractor shall provide the Contractor's staff with a salary and benefits package necessary to retain talent

that is competitive within the investment/retirement industry.

7.5.3 Contractor's staff shall not be compensated by commission nor solicit additional fee(s) for services from the Defined Contribution Program or Participants. The Contractor shall immediately notify the County Project Manager of any violation of this provision.

#### **7.6 Contractor's Staff Identification**

Contractor shall provide, at Contractor's expense, all Contractor's staff providing services under this Contract at a County facility with a photo identification badge. The badge shall include the name of both the Contractor and staff. The badge shall not include the County seal.

#### **7.7 Background and Security Investigations**

At any time during the Transition Period or the term of this Contract, the County may require that all Contractor's staff performing work under this Contract undergo and pass, to the satisfaction of County, a background investigation, as a condition of beginning and continuing to work under this Contract. Any background investigation requested by the County shall comply with applicable federal, state, or local employment, labor, or right to privacy laws and Contractor shall implement any proper County request consistent with such laws.

7.7.1 County shall use its discretion in determining the method of background clearance to be used, up to and including a County performed fingerprint security clearance. All costs associated with the background investigation shall be the expense of the Contractor,

regardless if the Contractor's staff passes or fails the background clearance investigation. County will not provide to the Contractor or to the Contractor's staff any information obtained through the background investigation.

7.7.2 County may request that the Contractor's staff be immediately removed from working on the Contract at any time during the Transition Period or the term of this Contract.

7.7.3 County may deny or terminate facility access to the Contractor's staff whose background or conduct is determined by the County, in its sole discretion, to be incompatible with County facility access.

7.7.4 Disqualification of the Contractor's staff, pursuant to this subsection 7.7, shall not relieve the Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

## **7.8 Confidentiality**

7.8.1 The Contractor shall maintain the confidentiality of all Documents obtained from the County under this Contract in accordance with all applicable federal, State or local laws, ordinances, regulations and directives.

7.8.2 The Contractor shall utilize its best efforts to inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Contract and their obligations to the same.



7.8.3 The Contractor shall sign and adhere to the provisions of the "Contractor Acknowledgement, Confidentiality and Copyright Assignment Agreement", Exhibit G1. An original signed and dated document shall be included with, and shall form part of, this executed Contract.

7.8.4 The Contractor shall cause each employee and non-employee performing services covered by this Contract to acknowledge and adhere to the provisions of the "Contractor Acknowledgment, Confidentiality, and Copyright Assignment Agreement", Exhibit G1. Contractor shall be responsible for maintaining records of said acknowledgement and will make those records immediately available to the County upon request.

## **8.0 STANDARD TERMS AND CONDITIONS (NON-NEGOTIABLE)**

### **8.1 AUTHORIZATION WARRANTY**

The Contractor represents and warrants that the person executing this Contract for the Contractor is an authorized agent who has actual authority to bind the Contractor to each and every term, condition, and obligation of this Contract and that all requirements of the Contractor have been fulfilled to provide such actual authority.

### **8.2 MOST FAVORED PUBLIC ENTITY**

If the Contractor's prices decline, or should the Contractor at any time during the term of this Contract provide the same goods or services under similar quantity and delivery conditions to any State, or any county, or any municipality at prices below those set forth in this Contract, then such lower prices shall be immediately extended to the County.

### **8.3 BUDGET REDUCTIONS**

In the event that the County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County Contracts, the County reserves the right to reduce its payment obligation under this Contract correspondingly for that fiscal year and any subsequent fiscal year during the term of this Contract (including any extensions), and the services to be provided by the Contractor under this Contract shall also be reduced correspondingly. The County's notice to the Contractor regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of the Board's approval of such actions. Except as set forth in the preceding sentence, the Contractor shall continue to provide all of the services set forth in this Contract.

### **8.4 AMENDMENTS**

8.4.1 Unless provided elsewhere within this Contract, for any change which affects the service, term, Contract Sum, payments, or any term or condition included under this Contract, an Amendment shall be prepared and executed by the Contractor and the Board.

8.4.2 The County's Board of Supervisors or CEO or designee may require the addition and/or change of certain terms and conditions in the Contract during the term of this Contract. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or CEO. To implement such changes, an Amendment to the Contract shall be

prepared and executed by the Contractor and the Board of Supervisors.

8.4.3 At the sole discretion of the Board of Supervisors, extensions of time as defined in section 4.0 TERM OF CONTRACT shall be authorized. The Contractor agrees that such extensions of time shall not change any other term or condition of this Contract during the period of such extensions. To implement an extension of time, an Amendment to the Contract shall be prepared and executed by the Contractor and the Board of Supervisors.

## **8.5 CONTRACTOR RESPONSIBILITY AND DEBARMENT**

### **8.5.1 Responsible Contractor**

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible Contractors.

### **8.5.2 Chapter 2.202 of the County Code**

The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the Contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five years but may



exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing Contracts the Contractor may have with the County.

#### **8.5.3 Non-responsible Contractor**

The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

#### **8.5.4 Contractor Hearing Board**

1. If there is evidence that the Contractor may be subject to debarment, the CEO will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.
2. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the

Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the CEO shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.
4. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.

5. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.
6. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

#### **8.5.5 Subcontractors of Contractor**

These terms shall also apply to Subcontractors of County Contractors.



## 8.6 ASSIGNMENT AND DELEGATION

8.6.1 The Contractor shall not assign its rights or delegate its duties under this Contract, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this section, County consent shall require a written amendment to the Contract, which is formally approved and executed by the parties. Any payments by the County to any approved delegate or assignee on any claim under this Contract shall be deductible, at County's sole discretion, against the claims, which the Contractor may have against the County.

8.6.2 Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. Contractor shall provide notice to the County within five (5) business days of the date made public any such sale, transfer, exchange, assignment, divestment, merger, buyout, or any other mechanism is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Contract, whereupon the County may terminate this Contract according to Section 8.42 TERMINATION FOR CONVENIENCE.

8.6.3 If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other

than the Contractor, whether through assignment, subcontract, delegation, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Contract. In the event of termination of the Contract, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

## **8.7 SUBCONTRACTING**

8.7.1 The requirements of this Contract may not be subcontracted by the Contractor without the advance approval of the County. Any attempt by the Contractor to subcontract without the prior consent of the County may be deemed a material breach of this Contract.

8.7.2 If the Contractor desires to subcontract, the Contractor shall provide the following information promptly:

- A description of the work to be performed by the Subcontractor;
- A draft copy of the proposed subcontract; and
- Other pertinent information and/or certifications requested by the County.

8.7.3 The Contractor shall indemnify and hold the County harmless with respect to the activities of each and every Subcontractor in the same manner and to the same degree as if such Subcontractor(s) were the Contractor's employees.

8.7.4 The Contractor shall remain fully responsible for all

performances required of it under this Contract, including those that the Contractor has determined to subcontract, notwithstanding the County's approval of the Contractor's proposed subcontract.

8.7.5 The County's consent to subcontract shall not waive the County's right to prior and continuing approval of any and all personnel, including Subcontractor employees, providing services under this Contract. The Contractor is responsible to notify its Subcontractors of this County right.

8.7.6 The County's Project Director is authorized to act for and on behalf of the County with respect to approval of any subcontract and Subcontractor employees. After approval of the subcontract by the County, Contractor shall forward a fully executed subcontract to the County for their files.

8.7.7 The Contractor shall be solely liable and responsible for all payments or other compensation to all Subcontractors and their officers, employees, agents, and successors in interest arising through services performed hereunder, notwithstanding the County's consent to subcontract.

8.7.8 The Contractor shall obtain certificates of insurance, which establish that the Subcontractor maintains all the programs of insurance required by the County from each approved Subcontractor. The Contractor shall ensure delivery of all such documents to the address herein provided in *Exhibit E - County's Administration* prior to any Subcontractor employee performing any work



hereunder.

- 8.7.9 The Contractor shall warrant Subcontractor shall adhere to the confidentiality provisions stated within this Contract.

## **8.8 INDEPENDENT CONTRACTOR STATUS**

8.8.1 This Contract is by and between the County and the Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

8.8.2 The Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Contract all compensation and benefits. The County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the Contractor.

8.8.3 The Contractor understands and agrees that all persons performing work pursuant to this Contract are, for purposes of Workers' Compensation liability, solely employees of the Contractor and not employees of the County. The Contractor shall be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work

performed by or on behalf of the Contractor pursuant to this Contract.

## **8.9 STANDARD OF CARE/QUALITY ASSURANCE PLAN**

8.9.1 Contractor will perform the services under this Contract with the care, skill, prudence and diligence that a prudent person acting in a like capacity and competent in such matters would exercise under similar circumstances and consistent with applicable law. County agrees that Contractor shall not be a fiduciary to the extent that the duties over which Contractor has responsibility are ministerial and Contractor's performance is confined to such ministerial duties. County represents that Contractor shall not be designated by the County as a Plan Administrator or Plan Fiduciary under ERISA. The parties agree that Contractor is a fiduciary to the Plans only to the extent that it exercises discretionary authority or control respecting management over the Plans or authority or control over management or disposition of Plan assets.

8.9.2 Performance Standards as agreed between the parties are attached as Exhibit J and supersede any other lesser standard contained or implied in this Agreement. The Performance Standards are agreed-upon benchmarks, and may or may not have associated penalty for non-performance. The Contractor shall evaluate its performance according to the agreed to schedule and apply any non-performance penalties as a credit to next recordkeeping invoice. Contractor shall report quarterly to the County (or other frequency as approved by the County and agreed to by the

Contractor) how its measures compare to these Performance Standards and the amounts of non-satisfaction penalties credited, if any. The report must be prepared and delivered by Contractor within thirty (30) days after the end of the end of the quarterly reporting period (or 60 days if such report is to be included in the Quarterly Administrative Report). In the event that standards are not met, Contractor shall give the County a written explanation of the reasons for the non-satisfaction of each standard and why this non-satisfaction is not expected to re-occur, and, if necessary, a performance improvement plan.

- 8.9.3 Notwithstanding the Performance Standards in this subsection for specific services, the County or its agent will evaluate the Contractor's overall performance under this Contract on not less than an annual basis. Such evaluation will include assessing the Contractor's compliance with all Contract terms and conditions and Performance Standards. Contractor deficiencies which the County determines are severe or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur consistent with the corrective action measures, the County may terminate this Contract or take such other actions as specified subsection 8.25 REMEDIES TO BREACH/LIQUIDATED DAMAGES.



## 8.10 COMPLAINTS

The Contractor shall develop, maintain and operate procedures for receiving, investigating and responding to complaints.

8.10.1 Within 30 business days after Contract effective date, the Contractor shall provide the County with the Contractor's policy for receiving, investigating and responding to Participant complaints.

8.10.2 The County will review the Contractor's policy and provide the Contractor with approval of said plan or with requested changes.

8.10.3 If the County requests changes in the Contractor's policy, the Contractor shall make such changes and resubmit the plan within five (5) business days for County approval.

8.10.4 If, at any time, the Contractor wishes to change the Contractor's policy, the Contractor shall submit proposed changes to the County for approval before implementation.

8.10.5 The Contractor shall investigate all complaints and provide a summary within the Quarterly Administrative Report, as specified in *Exhibit A – Statement of Work*. The complaint summary shall be in a format approved by the County and will include complaints received by telephone and written correspondence, the number of complaints, the subject matter, and status.

8.10.6 When complaints cannot be resolved informally, a system of follow-through shall be instituted which

adheres to formal plans for specific actions and strict time deadlines.

8.10.7 Copies of all written responses shall be included in the Quarterly Administrative Report with Participant names omitted.

#### **8.11 NOTICE OF DISPUTES**

The Contractor shall bring to the attention of the County's Project Manager and/or County's Project Director any dispute between the County and the Contractor regarding the performance of services as stated in this Contract. If the County's Project Manager or County's Project Director is not able to resolve the dispute, the CEO, or designee shall resolve it.

#### **8.12 GOVERNING LAW, JURISDICTION, AND VENUE**

This Contract shall be governed by, and construed in accordance with, the laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Contract and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

#### **8.13 COMPLIANCE WITH CIVIL RIGHTS LAWS**

The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this

Contract or under any project, program, or activity supported by this Contract. The Contractor shall comply with *Exhibit D - Contractor's EEO Certification*.

#### **8.14 EMPLOYMENT ELIGIBILITY VERIFICATION**

8.14.1 The Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employees for the period prescribed by law.

8.14.2 The Contractor agrees that subsection 8.22.1 of INDEMNIFICATION, shall apply to any employer sanctions and any other liability which may be assessed against the County in connection with any alleged violation by the Contractor of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

#### **8.15 FAIR LABOR STANDARDS**

The Contractor shall comply with all applicable provisions of the



Federal Fair Labor Standards Act. The Contractor agrees that subsection 8.22.1 of INDEMNIFICATION, shall apply to any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Contractor's employees for which the County may be found jointly or solely liable.

#### **8.16 NONDISCRIMINATION AND AFFIRMATIVE ACTION**

8.16.1 The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.

8.16.2 The Contractor shall certify to, and comply with, the provisions of *Exhibit D - Contractor's EEO Certification*.

8.16.3 The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for

training, including apprenticeship.

8.16.4 The Contractor certifies and agrees that it will deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.

8.16.5 The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract.

8.16.6 The Contractor shall allow County representatives access to the Contractor's employment records during regular business hours to verify compliance with the anti-discrimination provisions of this Contract when so requested by the County.

8.16.7 If the County finds that any anti-discrimination provisions of this Contract have been violated and that Contractor has failed to take reasonable remedial measures, such violation shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract. While the County reserves the right to determine independently that the anti-discrimination provisions of this Contract have

been violated, in addition, a determination by the California Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Contract.

8.16.8 The parties agree that in the event the Contractor violates any of the anti-discrimination provisions of this Contract, the County shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Contract.

#### **8.17 COMPLIANCE WITH APPLICABLE LAW**

The Contractor shall comply with all applicable Federal, State, and local laws, rules, regulations, ordinances, and directives, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.

#### **8.18 CONFLICT OF INTEREST**

8.18.1 No County employee or member of a Plan Administrative Committee whose position with the County and/or Defined Contribution Program enables such person to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such person, shall be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Contract. No officer or



employee of the Contractor who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.

8.18.2 The Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this subsection shall be a material breach of this Contract.

#### **8.19 PROHIBITION AGAINST INDUCEMENT OR PERSUASION**

The Contractor and the County agree that, during the Transition Period and term of this Contract and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

#### **8.20 FACSIMILE REPRESENTATIONS**

The County and the Contractor hereby agree to regard facsimile

representations of original signatures of authorized officers of each party, when appearing in appropriate places on an Implementing Memoranda, Supplemental Services Agreement or an Amendment prepared pursuant to subsections 3.2, 3.3, and 8.4, and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Amendments to this Contract, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

## **8.21 FORCE MAJEURE**

8.21.1 Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Contract, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this subsection as "force majeure events").

8.21.2 Notwithstanding the foregoing, a default by a subcontractor of Contractor shall not constitute a force majeure event, unless such default arises out of causes beyond the control of both Contractor and such subcontractor, and without any fault or negligence of either of them. In such case, Contractor shall not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were

obtainable from other sources in sufficient time to permit Contractor to meet the required performance schedule. As used in this subsection, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.

8.21.3 In the event Contractor's failure to perform arises out of a force majeure event, Contractor agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.

## 8.22 INDEMNIFICATION

8.22.1 The Contractor shall indemnify, defend and hold harmless each Plan and the respective Administrative Committee and its members and staff, the Defined Contribution Program as a whole, the County, the Board and its members, and County officers, fiduciaries (excluding Contractor) and employees, from and against any and all liability, claims, damages, losses, liabilities, suits, costs, charges, expenses (including but not limited to, reasonable attorneys' fees and court costs), judgments, fines and penalties, ("Claims"), arising from or relating to any bad faith, negligence, willful misconduct, infringement of intellectual property rights, breach of the standard of care, breach of duty under applicable law, breach of this contract, or violation of law by Contractor, its officers, employees or any of its agents acting in connection with this Contract. This indemnification shall survive the termination of this Contract.



8.22.2 The County shall indemnify, defend and hold harmless Contractor, its officers, employees and agents, from and against any and all Claims arising from or relating to any bad faith, negligence, willful misconduct, infringement of intellectual property rights, breach of duty under applicable law, breach of this contract, or violation of law, as referenced within this Contract, by the Plans, the respective Administrative Committees or its staff acting in connection with this Contract. This indemnification shall survive the termination of this Contract.

#### 8.23 GENERAL INSURANCE REQUIREMENTS

Without limiting the Contractor's indemnification and during the term of this Contract, the Contractor shall provide and maintain, and shall require all of its Subcontractors to maintain, the following programs of insurance specified in this Contract. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by the County. Such coverage shall be provided and maintained at the Contractor's own expense.

8.23.1 Evidence of Insurance. Certificate(s) or other evidence of coverage satisfactory to the County shall be submitted to the address herein provided in *Exhibit E - County's Administration* prior to commencing services under this Contract. Such certificates or other evidence shall:

1. Specifically identify this Contract;
2. Clearly evidence all coverage required in this Contract;
3. Contain the express condition that the County is to be

given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance;

4. Include copies of the additional insured endorsement to the commercial general liability policy, adding the County of Los Angeles, its Special Districts, its officials, officers and employees and each Los Angeles County Defined Contribution Plan and their Administrative Committees and members as insureds for all activities arising from this Contract; and
5. Identify any deductibles or self-insured retentions for the County's approval. The County retains the right to require the Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to the County, or, require the Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California. If modifications to the programs required by this Contract are mandated by the County during the term of the Contract (with respect to deductibles and self-insured retentions), Contractor has the ability to change its fee quoted to simply pass on the cost for the mandated changes at cost, with no overhead or markup.
6. Insurer Financial Ratings. Insurance is to be provided by an insurance company acceptable to the County with an A.M. Best rating of not less than A-:VII unless otherwise

approved by the County.

8.23.2 Failure to Maintain Coverage. Failure by the Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to the County, shall constitute a material breach of the Contract upon which the County may immediately terminate or suspend this Contract. The County, at its sole option, may obtain damages from the Contractor resulting from said breach. Alternatively, the County may purchase such required insurance coverage, and without further notice to the Contractor, the County may deduct from sums due to the Contractor any premium costs advanced by the County for such insurance.

8.23.3 Notification of Incidents, Claims or Suits: Contractor shall report to the County:

- Any accident or incident relating to services performed under this Contract which involves injury or property damage which may result in the filing of a claim or lawsuit against the Contractor and/or the County. Such report shall be made in writing within 24 hours of occurrence or as soon as practicable after Contractor is made aware of the occurrence.
- Any third party claim or lawsuit filed against the Contractor arising from or related to services performed by the Contractor under this Contract.
- Any injury to a Contractor employee that occurs on County property. This report shall be submitted on a County "Non-employee Injury Report" to the County's Project Manager.



- Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies or securities entrusted to the Contractor under the terms of this Contract.

8.23.4 Compensation for County Costs. In the event that the Contractor fails to comply with any of the indemnification or insurance requirements of this Contract, and such failure to comply results in any costs to the County, the Contractor shall pay full compensation for all costs incurred by the County.

8.23.5 Insurance Coverage Requirements for Subcontractors. The Contractor shall ensure any and all Subcontractors performing services under this Contract meet the insurance requirements of this Contract by either:

- The Contractor providing evidence of insurance covering the activities of Subcontractors, or
- The Contractor providing evidence submitted by Subcontractors evidencing that Subcontractors maintain the required insurance coverage. The County retains the right to obtain copies of evidence of Subcontractor insurance coverage at any time.

## 8.24 INSURANCE COVERAGE REQUIREMENTS

8.24.1 General Liability insurance written on ISO policy form CG 00 01 or its equivalent with limits of not less than the following:

General Aggregate: \$2 million

Products/Completed Operations Aggregate: \$1 million

Personal and Advertising Injury: \$1 million

Each Occurrence: \$1 million

8.24.2 Automobile Liability written on ISO policy form CA 00 01 or its equivalent with a limit of liability of not less than \$1 million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

8.24.3 Workers' Compensation and Employers' Liability insurance providing workers' compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which the Contractor is responsible. If the Contractor's employees will be engaged in maritime employment, coverage shall provide workers' compensation benefits as required by the U.S. Longshore and Harbor Workers' Compensation Act, Jones Act or any other federal law for which the Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident: \$1 million

Disease - policy limit: \$1 million

Disease - each employee: \$1 million

8.24.4 Professional Liability Insurance covering liability arising from any error, omission, negligent or wrongful act of the Contractor, its officers or employees with limits of not less than \$15,000,000 per claim and aggregate for

scope of all services provided under this agreement. This insurance and coverage limit shall be dedicated solely to services provided by Contractor to County and the Los Angeles County Defined Contribution Plans and will not cover Contractor's services to its other clients. The coverage also shall provide an extended two year reporting period commencing upon termination or cancellation of this Contract.

8.24.5 Crime Coverage Insurance in an amount not less than \$30,000,000 covering against loss of money, securities, or other property referred to in this Agreement which may result from employee dishonesty, forgery or alteration, theft, disappearance and destruction, computer fraud, burglary and robbery. Such insurance shall name the County or Plan Administrative Committees on behalf of the Plans as loss payee, as their interests appear.

## **8.25 REMEDIES FOR BREACH/LIQUIDATED DAMAGES**

8.25.1 If, in the judgment of the CEO, or his/her designee, the Contractor is deemed to be non-compliant with the terms and obligations assumed hereby, the CEO, or his/her designee, at his/her option, in addition to, or in lieu of, other remedies provided herein, may withhold the entire monthly payment or deduct pro rata from the Contractor's invoice for work not performed. A description of the work not performed and the amount to be withheld or deducted from payments to the Contractor from the County, will be forwarded to the Contractor by the CEO, or his/her designee, in a written notice describing the reasons for said action.



8.25.2 If the CEO, or his/her designee, determines that there are deficiencies in the performance of this Contract that are deemed correctable by the Contractor over a certain time span, the CEO, or his/her designee, will provide a written notice to the Contractor to correct the deficiency within specified time frames. Should the Contractor fail to correct deficiencies within said time frame, the CEO, or his/her designee, may:

- a. Deduct from the Contractor's payment, pro rata, those applicable portions of the monthly contract sum; and/or
- b. Upon giving five (5) days notice to the Contractor for failure to correct the deficiencies, the County may correct any and all deficiencies and the total costs incurred by the County for completion of the work by an alternate source, whether it be County forces or separate private contractor, will be deducted and forfeited from the payment to the Contractor from the County and Plans, as determined by the County; and/or
- c. Deduct liquidated damages. The parties agree that it will be impracticable or extremely difficult to foresee the full extent of actual damages resulting from the failure of the Contractor to correct a deficiency within the specified time frame. The parties hereby agree that, except as otherwise provided in subsection 8.16.8, under the current circumstances a reasonable estimate of such damages is \$1,000 per day per infraction and that the Contractor shall be liable to the County for

liquidated damages in said amount. Said amount shall be deducted from the payment of the monthly contract sum to the Contractor.

8.25.3 The action(s) noted in subsection 8.25.2 shall not be construed as a penalty, but as adjustment of payment to the Contractor to recover the County cost due to the failure of the Contractor to complete or comply with the provisions of this Contract.

8.25.4 The action(s) noted in subsection 8.25.2 shall not, in any manner, restrict or limit the County's right to damages for any breach of this Contract provided by law or this section 8.25, and shall not, in any manner, restrict or limit the County's right to terminate this Contract and recover from the Contractor costs incurred by the County in procuring goods and services similar to those terminated as provided in this Contract.

## **8.26 DAMAGE TO COUNTY FACILITIES, BUILDINGS OR GROUNDS**

8.26.1 The Contractor shall repair, or cause to be repaired, at its own cost, any and all damage to County facilities, buildings, or grounds caused by the Contractor or employees or agents of the Contractor. Such repairs shall be made immediately after the Contractor has become aware of such damage, but in no event later than thirty (30) days after the occurrence.

8.26.2 If the Contractor fails to make timely repairs, County may make any necessary repairs. All costs incurred by County, as determined by County, for such repairs shall be repaid by the Contractor by cash payment upon demand.

## **8.27 NON EXCLUSIVITY**

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with the Contractor. This Contract shall not restrict the County from acquiring similar, equal or like goods and/or services from other entities or sources.

## **8.28 NOTICE OF DELAYS**

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party shall, within three (3) business days, give notice thereof, including all relevant information with respect thereto, to the other party.

## **8.29 NOTICE TO EMPLOYEES REGARDING FEDERAL EARNED INCOME CREDIT**

The Contractor shall notify its employees, and shall require each Subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

## **8.30 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM**

8.30.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through Contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the



economic burden otherwise imposed upon the County and its taxpayers.

8.30.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Contract to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and shall during the term of this Contract maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

**8.31 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW**

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the

poster to be used. Information on how to receive the poster can be found on the Internet at [www.babysafela.org](http://www.babysafela.org).

**8.32 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW**

The Contractor shall notify and provide to its employees, and shall require each Subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in *Exhibit I* of this Contract and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

**8.33 CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF/OR RE-EMPLOYMENT LIST**

Should the Contractor require additional or replacement personnel after the effective date of this Contract to perform the services set forth herein, the Contractor shall give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified, former County employees who are on a re-employment list during the life of this Contract.

**8.34 CONSIDERATION OF HIRING GAIN/GROW PROGRAM PARTICIPANTS**

8.34.1 Should the Contractor require additional or replacement personnel after the effective date of this Contract, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the

Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.

8.34.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

### **8.35 COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM**

#### **8.35.1 Jury Service Program:**

This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code, a copy of which is attached as *Exhibit H* and incorporated by reference into and made a part of this Contract.

#### **8.35.2 Written Employee Jury Service Policy.**

- a. Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that the Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), the Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis,



no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.

- b. For purposes of this subsection, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full-time employee of the Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If the Contractor uses any Subcontractor to perform services for the County under the Contract, the Subcontractor shall also be subject to the provisions of this subsection. The provisions of this subsection shall be inserted into any such subcontract

agreement and a copy of the Jury Service Program shall be attached to the agreement.

- c. If the Contractor is not required to comply with the Jury Service Program when the Contract commences, the Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and the Contractor shall immediately notify the County if the Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if the Contractor no longer qualifies for an exception to the Jury Service Program. In either event, the Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that the Contractor demonstrate to the County's satisfaction that the Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that the Contractor continues to qualify for an exception to the Program.
- d. Contractor's violation of this subsection of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar the Contractor from the award of future County contracts for a period of

time consistent with the seriousness of the breach.

#### **8.36 NOTICES**

All notices, demands, consents and permissions required or permitted to be given or made under this Contract shall be in writing and shall be hand delivered with signed receipt or mailed by first-class registered or certified mail, postage prepaid, addressed to the parties as identified in *Exhibits E - County's Administration and F - Contractor's Administration*. Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party. The County Project Manager shall have the authority to issue all notices or demands required or permitted by the County under this Contract.

#### **8.37 PUBLIC RECORDS ACT**

8.37.1 Any documents submitted by the Contractor; all information obtained in connection with the County's right to audit and inspect the Contractor's documents, books, and accounting records pursuant to subsection 8.39 Record Retention and Inspection/Audit Settlement provisions of this Contract; as well as those documents which were required to be submitted in response to the Request for Proposals (RFP) used in the solicitation process for this Contract, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". The County shall not in any way be



liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

8.37.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", the Contractor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

#### 8.38 PUBLICITY

8.38.1 The Contractor shall not disclose any details in connection with this Contract to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing the Contractor's need to identify its services and related clients to sustain itself, the County shall not inhibit the Contractor from publishing its role under this Contract within the following conditions:

- The Contractor shall develop all publicity material in a professional manner; and
- During the term of this Contract, the Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County without the prior written consent of the County's Project Director. The County shall

not unreasonably withhold written consent.

8.38.2 The Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Contract with the County of Los Angeles, provided Contractor complies with the publicity requirements of this subsection 8.38.

#### **8.39 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT**

8.39.1 The Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. The Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Contract. The Contractor agrees that the County, or its authorized representatives, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Contract, to the extent such access is consistent with applicable federal, state, or local employment or other laws. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, shall be kept and maintained by the Contractor and shall be made available to the County during the term of this Contract and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the Contractor at a location in Los Angeles County,

provided that if any such material is located outside Los Angeles County, then, at the County's option, the Contractor shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location.

8.39.2 In the event that an audit of the Contractor is conducted specifically regarding this Contract by any Federal or State auditor, or by any auditor or accountant employed by the Contractor or otherwise, then the Contractor shall file a copy of such audit report with the County's Auditor-Controller within thirty (30) days of the Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Contract. Subject to applicable law, the County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

8.39.3 Failure on the part of the Contractor to comply with any of the provisions of this subsection 8.39 shall constitute a material breach of this Contract.

8.39.4 If, at any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of the County conduct an audit of the Contractor regarding the work performed under this Contract, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Contractor, then the difference shall be either: a) repaid by the Contractor to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted



from any amounts due to the Contractor from the County or the Plans, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Contractor, then the difference shall be paid to the Contractor by the County by cash payment, provided that in no event shall the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.

#### **8.40 RECYCLED BOND PAPER**

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on this Contract.

#### **8.41 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM**

Failure of the Contractor to maintain compliance with the requirements set forth in subsection 8.30 Contractor's Warranty of Adherence to County's Child Support Compliance Program, shall constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of the Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which the County may terminate this Contract pursuant to subsection 8.43 Termination for Default and pursue debarment of the Contractor, pursuant to County Code Chapter 2.202.

## 8.42 TERMINATION FOR CONVENIENCE

8.42.1 This Contract may be terminated, in whole or in part, from time to time, when such action is deemed by the County, in its sole discretion, to be in the best interest of the Plans, Participants, or County. Termination of work hereunder shall be effected by notice of termination to the Contractor specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than ten (10) days after the notice is sent.

8.42.2 After receipt of a notice of termination and except as otherwise directed by the County, the Contractor shall:

- Stop work under this Contract on the date and to the extent specified in such notice, and
- Complete performance of such part of the work as shall not have been terminated by such notice.

8.42.3 All material including books, records, documents, or other evidence bearing on the costs and expenses of the Contractor under this Contract shall be maintained by the Contractor in accordance with subsection 8.39 Record Retention & Inspection/Audit Settlement.

## 8.43 TERMINATION FOR DEFAULT

8.43.1 The County may, by written notice to the Contractor, terminate the whole or any part of this Contract, if, in the judgment of County's Project Director:

- a. Contractor has materially breached this Contract;

or

- b. Contractor fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required under this Contract; or
- c. Contractor fails to demonstrate a high probability of timely fulfillment of performance requirements under this Contract, or of any obligations of this Contract; and
- d. In case of subsection 8.43.1 b or c above, the Contractor fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.

8.43.2 In the event that the County terminates this Contract in whole or in part as provided in subsection 8.43.1, the County may procure, upon such terms and in such manner as the County may deem appropriate, goods and services similar to those so terminated. The Contractor shall be liable to the County for any and all costs incurred by the County, as determined by the County, for such similar goods and services. The Contractor shall continue the performance of this Contract to the extent not terminated under the provisions of this subsection.

8.43.3 Except with respect to defaults of any Subcontractor, the Contractor shall not be liable for any such costs of the type identified in subsection 8.43.2 if its failure to perform



this Contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of the County in either its sovereign or contractual capacity not otherwise contemplated by the Contract, acts of Federal or State governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a Subcontractor, and if such default arises out of causes beyond the control of both the Contractor and Subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any such costs for failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule. As used in this subsection 8.43.3, the terms "Subcontractor" and "Subcontractors" mean Subcontractor(s) at any tier.

8.43.4 If, after the County has given notice of termination under the provisions of this subsection 8.43, it is determined by the County that the Contractor was not in default under the provisions of this subsection 8.43, or that the default was excusable under the provisions of subsection 8.43.3, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to subsection 8.42 Termination for

Convenience.

8.43.5 The rights and remedies of the County provided in this subsection 8.43 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **8.44 TERMINATION FOR IMPROPER CONSIDERATION**

8.44.1 The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Contract if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, member of a Plan Administrative Committee or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment, or extension of this Contract or the making of any determinations with respect to the Contractor's performance pursuant to this Contract. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of Termination for Default by the Contractor.

8.44.2 The Contractor shall immediately report any attempt by a County officer, employee, or Plan Administrative Committee member to solicit such improper consideration. The report shall be made either to the County Project Manager or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

8.44.3 Among other items, such improper consideration may take the form of cash, discounts, service, the provision of

travel or entertainment, offer of employment, or tangible gifts.

#### **8.45 TERMINATION FOR INSOLVENCY**

8.45.1 The County may terminate this Contract forthwith in the event of the occurrence of any of the following:

- Insolvency of the Contractor. The Contractor shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Contractor is insolvent within the meaning of the Federal Bankruptcy Code;
- The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;
- The appointment of a Receiver or Trustee for the Contractor; or
- The execution by the Contractor of a general assignment for the benefit of creditors.

8.45.2 The rights and remedies of the County provided in this subsection 8.45 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.



**8.46 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE**

The Contractor, and each County Lobbyist or County Lobbying firm as defined in County Code Section 2.160.010 retained by the Contractor, shall fully comply with the County's Lobbyist Ordinance, County Code Chapter 2.160. Failure on the part of the Contractor or any County Lobbyist or County Lobbying firm retained by the Contractor to fully comply with the County's Lobbyist Ordinance shall constitute a material breach of this Contract, upon which the County may in its sole discretion, immediately terminate or suspend this Contract.

**8.47 TERMINATION FOR NON-APPROPRIATION OF FUNDS (Not Applicable)**

Notwithstanding any other provision of this Contract, the County shall not be obligated for the Contractor's performance hereunder or by any provision of this Contract during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Contract in the County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Contract, then this Contract shall terminate as of June 30 of the last fiscal year for which funds were appropriated. The County shall notify the Contractor in writing of any such non-allocation of funds at the earliest possible date.

**8.48 VALIDITY**

If any provision of this Contract or the application thereof to any person or circumstance is held invalid, the remainder of this Contract and the application of such provision to other persons or circumstances shall not be affected thereby.

#### **8.49 WAIVER**

No waiver by the County of any breach of any provision of this Contract shall constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Contract shall not be construed as a waiver thereof. The rights and remedies set forth in this subsection 8.49 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **8.50 WARRANTY AGAINST CONTINGENT FEES**

8.50.1 The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any Contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

8.50.2 For breach of this warranty, the County shall have the right to terminate this Contract and treat the termination as a Termination for Default or, at its sole discretion, deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

### **9.0 UNIQUE TERMS AND CONDITIONS**

#### **9.1 OWNERSHIP OF MATERIALS, SOFTWARE AND COPYRIGHT**

9.1.1 County shall be the sole owner of all right, title and interest, including copyright, in and to all software, plans, diagrams, facilities, methods, systems, and tools

(hereafter "materials") which are prepared pursuant to this Contract. The Contractor, for valuable consideration herein provided, shall reasonably cooperate with County, including but not limited to, by executing all documents necessary to assign and transfer to, and vest in the County all of the Contractor's right, title and interest in and to such original materials, including any copyright, patent and trade secret rights which arise pursuant to the Contractor's work under this Contract.

9.1.2 During the Transition Period and the term of this Contract and for five (5) years thereafter, the Contractor shall maintain and provide security for all of the Contractor's working papers prepared under this Contract. County shall have the right to inspect, copy and use at any time during and subsequent to the term of this Contract, any and all such working papers and all information contained therein.

9.1.3 Any and all materials, software and tools which are developed or were originally acquired by the Contractor outside the scope of this Contract, which the Contractor desires to use hereunder, and which the Contractor considers to be proprietary or confidential, must be specifically identified in writing in advance of such use by the Contractor to the County's Project Manager as proprietary or confidential, and shall be plainly and prominently marked by the Contractor as "Propriety" or "Confidential" on each appropriate page of any document containing such material.

9.1.4 The County will use reasonable means to ensure that the Contractor's proprietary and/or confidential items are



safeguarded and held in confidence. The County agrees not to reproduce, distribute or disclose to non-County entities any such proprietary and/or confidential items without the prior written consent of the Contractor.

9.1.5 Notwithstanding any other provision of this Contract, the County will not be obligated to the Contractor in any way under this subsection 9.1 for any of the Contractor's proprietary and/or confidential items which are not plainly and prominently marked with restrictive legends as required in this subsection 9.1 or for any disclosure which the County is required to make under any state or federal law or order of court.

9.1.6 All the rights and obligations of this subsection 9.1 shall survive the expiration or termination of this Contract.

## **9.2 PATENT, COPYRIGHT & TRADE SECRET INDEMNIFICATION**

9.2.1 The Contractor agrees that subsection 8.22.1 shall apply to any claims arising from or by reason of any actual or alleged infringement of any third party's patent or copyright, or any actual or alleged unauthorized trade secret disclosure, in connection with or related to the operation and utilization of the Contractor's work under this Contract. County shall inform the Contractor as soon as practicable of any claim or action alleging such infringement or unauthorized disclosure, and shall support the Contractor's defense and settlement thereof.

9.2.2 In the event any equipment, part thereof, method, system, or software product becomes the subject of any complaint, claim, or proceeding alleging infringement or unauthorized disclosure, such that County's continued

use of such item is formally restrained, enjoined, or subjected to a risk of damages, the Contractor, at its sole expense, and providing that County's continued use of the system is not materially impeded, shall either:

- Procure for County all rights to continued use of the questioned equipment, part, method, system, or software product; or
- Replace the questioned equipment, part, method, system, or software product with a non-questioned item; or
- Modify the questioned equipment, part, method, system, or software so that it is free of claims.

9.2.3 The Contractor shall have no liability if the alleged infringement or unauthorized disclosure is based upon a use of the questioned product, either alone or in combination with other items not supplied by the Contractor, in a manner for which the questioned product was not designed nor intended by Contractor.

IN WITNESS WHEREOF, Contractor has executed this Contract, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Contract to be executed on its behalf by the Chair of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, the day and year first above written.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

By 

Signature

Gregory E. Seller

Print Name

Senior Vice President, Government Markets

Title

COUNTY OF LOS ANGELES

By 

Board of Supervisors

ATTEST:

SACHI HAMAI  
Executive Officer-Clerk  
of the Board of Supervisors



I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

SACHIA. HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

By 

Deputy

By 

Deputy

APPROVED AS TO FORM:

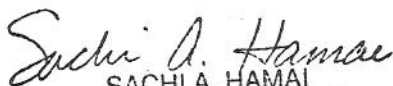
Raymond G. Fortner, Jr.  
County Counsel

By 

Principal Deputy County Counsel

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

13 JUN 17 2008

  
SACHI A. HAMAI  
EXECUTIVE OFFICER



# EXHIBIT A: STATEMENT OF WORK

# EXHIBIT A – STATEMENT OF WORK

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## STATEMENT OF WORK

This Statement of Work is attached as Exhibit A to the Contract for Third Party Administrative Services (Defined Contribution Program) dated \_\_\_\_\_, 2008 (the "Contract"), between the County of Los Angeles (the "County") and Great-West Life & Annuity Insurance Company (the "Contractor" or "TPA"). Capitalized terms that are not defined in this Statement of Work are used as defined in the Contract.

Contractor shall provide all of the work detailed below for the administration, recordkeeping, and marketing/enrollment services for each of the respective retirement plans of the County of Los Angeles Defined Contribution Program pursuant to the terms of the Contract, including the Pricing Schedule, and in accordance with Sections 401(a), 401(k), and 457(b) of the Internal Revenue Code of the United States, as set forth below:

### 1.0 TRANSITION PLAN FOR ASSUMING TPA SERVICES

The Contractor shall:

- 1.1 Provide transition services prior to the beginning of the term of the Contract at the Contractor's expense; wherein, the County will not be charged for any transition services. The Contractor shall not assess any charges or receive any fees or compensation pursuant to the Contract until the Contract term begins AND upon the County's receipt of the signed Certification described in subsection 1.6. The period of time during which the Contractor provides transition services prior to the beginning of the term of the Contract will be referred to as the "Transition Period."
- 1.2 Provide the County and each respective Plan's Administrative Committee with ongoing progress reports. The Contractor shall apprise the County Project Manager and the County's TPA RFP consultant of the status of current projects. The Contractor shall confer with the County's TPA RFP consultant on transition issues and to resolve any conflicts with the former TPA.
- 1.3 Provide transition services for any Plan that, prior to this Contract, is serviced by another third party administrator. Accomplish the following tasks during the Transition Period:
  - a. Prepare a Manual of Tasks, Rules and Procedures documenting all of the steps necessary and taken to transition employee records, account and investment records, Plan-specific business rules, and new protocols for the movement of money between the County, Contractor, participant accounts, banking institutions and among the various investment managers and custodian(s).



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- b. Establish and maintain formal relationships with the County's Trustee, banking institution(s), investment managers and custodian(s).

Contractor shall cooperate with Defined Contribution Program vendors/consultants, as directed by the County or respective Plan Administrative Committee. To the extent that the TPA determines that separate contracts or agency agreements between the TPA and other vendors and service providers to the Defined Contribution Program are necessary to facilitate its performance under the Contract, it will provide notice to the County Project Manager of TPA's intent to enter into any such contract or agreements. Such notice shall be provided at least 30 days prior to the execution of such contract or agreement and shall include a copy of the most recent version of such contract or agreement, including any exhibits, and a description of any consideration directly or indirectly received by, or paid by, the TPA under such contract or agreement.

- c. Establish and maintain contacts with appropriate County officials and designated staff which include the Chief Executive Office ("CEO"), Auditor-Controller ("A/C"), Department of Human Resources ("DHR"), Treasurer & Tax Collector ("TTC"), County Counsel ("CoCo"), and the Members/Alternates of the respective Plan Administrative Committees.
- d. Hire and assign necessary staff and train on the specific benefits and protocols of the County's Defined Contribution Program. Local service representatives should understand the County's payroll process and how the Defined Contribution Program operates in conjunction with the benefits provided by the Los Angeles County Employees Retirement Association (LACERA).
- e. Establish and maintain participant master files and take receipt of former TPA's complete file/historical records on each Participant account. Contractor shall validate the files contain complete records on each participant from the adoption of the Plan to the date the Contractor has assumed full contractual responsibilities. In the event there are incomplete records, Contractor will work with the former TPA to identify the incomplete data, determine the cause, and notify the County of the deficient documentation.
- f. Provide local and call center service representatives and the County with seamless secure online access to all of the former

## EXHIBIT A: STATEMENT OF WORK

TPA's electronic records for each Participant, provided that the former TPA is able and willing to provide such electronic access.

- g. Operate administrative, banking, ledger and recordkeeping systems in full parallel with that of the former TPA, except where specifically provided otherwise in the Contract. Conduct testing of the systems to general and County-specific defined contribution rules and the sampling of transactions to the mutual satisfaction of the County and Contractor that the Contractor's systems can independently administer the Defined Contribution Program with a high degree of accuracy and timeliness necessary to guarantee the integrity of the Plans.

### 1.4 Establish and maintain a "Transition Journal" that shall:

- a. Document how the Manual of Tasks, Rules and Procedures is actually implemented during the Transition Period.
- b. Include the transition schedule with the target dates that Contractor would receive records and begin to parallel specified operations/services.
- c. Describe how the Contractor adopted the procedural rules provided by the former TPA for the handling of all participant transactions (deferrals, transfers, loans, hardship withdrawals, termination/withdrawals, general inquiries, complaints, etc).
- d. Include procedural rules established with the County.
- e. Identify and describe systems or procedural issues encountered, including the County approved resolution.

Cooperate with the County in a comprehensive review of the Transition Journal's procedural rules for assimilation into the Contractor's administration and operation of the Defined Contribution Program and the respective Plans. Contractor shall document the mutually agreed procedural rules in the "Administrative Manual", see 5.0 – ADMINISTRATIVE SERVICES.

- 1.5 Cooperate with the independent auditor hired by the County who, at the County's option, shall evaluate the Contractor's transition records transfer and reconciliation methodology, confirmation of asset balances transferred, proper implementation of Plan-specific provisions, banking structure, wire instructions and trustee relationships, and the timely and accurate processing of (voice response system, internet and payroll)



## EXHIBIT A: STATEMENT OF WORK

transactions. The independent auditor shall compile its findings in a "Transition Evaluation Report" that will be made available to the County and Contractor. Within 30-calendar days after the release date of the Transition Evaluation Report, Contractor shall provide a response to the County that will describe the correction to each deficiency that was identified by the independent auditor.

- 1.6 Provide the County with a written and signed "Certification" stating that Contractor (i) has received a copy of the Transition Evaluation Report, if required by the County, and has resolved any deficiencies identified by the independent auditor to the County's satisfaction, and (ii) is able to assume all third party administrative services and responsibilities described hereunder this Contract, including this Exhibit A - Statement of Work; thereby, signifying the completion of the Transition Period.

If for any reason the Contractor is not able to provide the Certification and assume its responsibilities as third-party administrator under the Contract, the Contract will be deemed immediately terminated and Contractor will return to the County, or to a party named by the County, all data and documents transferred to the Contractor during the Transition Period.

- 1.7 Develop a marketing strategy in cooperation with the Defined Contribution Program communication consultant(s) to introduce the TPA change and new services for each Plan.



## 2.0 MARKETING SERVICES

The Contractor shall:

- 2.1 Meet with the County and its consultants, at least quarterly in Los Angeles, to develop a comprehensive enrollment and outreach marketing strategy that can be sustained for the duration of the Contract and can adjust to meet current employee and market trends. The Contractor shall maintain the marketing theme throughout its County-dedicated local service center, call center, telephone voice response system, and website.

### (Communication Content, Development, and Compliance)

- 2.2 Draft content for communication materials that describe each respective Plan and the investment options each Plan offers to participants. The communication materials shall be in a format that is consistent with the (i) disclosure requirements for the summary plan description (the "SPD") and summaries of material modifications under Sections 102 and 104 of the Employee Retirement Income Security Act of 1976 (ERISA), and the regulations issued thereunder, (ii) the education requirements for participant-directed accounts under ERISA Section 404(c) and regulations issued thereunder, and (iii) the Americans with Disabilities Act and regulations issued thereunder. The Contractor shall cooperate with the County and the communication consultant hired by the County or Plan Administrative Committee who will be responsible for the design and production of the communication materials. The Contractor's legal department shall review the final draft for compliance with Plan provisions and consistency with ERISA disclosure requirements. The communication materials shall be subject to County review and approval. Examples of the communication materials are provided in Attachment Z – Communication Materials & Forms.

### (General Communication Services)

- 2.3 Receive communication materials from the Defined Contribution Program communications consultant(s); whereupon, Contractor shall be responsible for the distribution of communication materials.
- 2.4 Provide standard notices and other administrative forms as described in section 3.0 PARTICIPANT SERVICES.
- 2.5 Provide special notification to participants of new procedures, benefits and other Plan(s) changes.
- 2.6 Conduct at least three (3) participant satisfaction surveys for each Plan to elicit participant opinion on, but not limited to, the current level of Plan services, investment menu selection, suggestions to improve the Plan, etc.

## EXHIBIT A: STATEMENT OF WORK

Contractor shall collaborate with the County in developing the surveys, whether in the form of a mailed survey, online survey, focus groups, etc.

### (Communication Consultant Services)

- 2.7 Assume responsibility for the design and production of Savings Plan and Pension Savings Plan communication materials; thereby, performing the functions of the communications consultant for the Savings Plan and Pension Savings Plan. The Contractor shall annually provide the County with a line-item inventory of core communication materials to be produced as the communications consultant, subject to County review, modification, and approval.

The County reserves the discretion to terminate the communications consultant portion of this contract for convenience at any point during the contract; whereupon, the County will provide Contractor a 30 calendar day notice prior to terminating the communication consultant services.



### 3.0 PARTICIPANT SERVICES

The Contractor shall:

- 3.1 Establish and maintain necessary security precautions to verify a participant's identity prior to providing account information to and conducting any account transactions for a participant. Contractor shall treat participant's Social Security Numbers as confidential under subsection 7.8 CONFIDENTIALITY of the Contract and will publish a statement on the call center, voice response system, and website that informs participants that Contractor does not use or publish Social Security Numbers in correspondence in order to protect a participant's personal and financial information.

(Service Representatives)

- 3.2 Establish and maintain a written Customer Service Standard containing the etiquette to be used with participants and eligible employees, protocols for responding to specific benefit requests, training for dealing with difficult individuals, and a formal complaint procedure. The Customer Service Standard is subject to County review and approval.
- 3.3 Establish and maintain an office within the Los Angeles area at a site acceptable to the County, with the appropriate support staff (the "local service representatives") and facilities, dedicated exclusively to the purpose of servicing the Plans and participant accounts.
- 3.4 Provide the equivalent of five (5) full time local service representatives, including an administrative staff member, dedicated solely to the County. In conjunction with the marketing strategy, local service representatives are to actively promote the Defined Contribution Program and respective Plans, enroll eligible employees, distribute and/or display communication materials, and answer questions regarding the Plan(s) and retirement planning at the various County facilities and County sponsored events throughout Los Angeles County. Contractor will require local service representatives to obtain and maintain the necessary licenses to provide participants with information about available Plan investments and general investment and retirement education.
- 3.5 Provide twenty (20) full time call center service representatives dedicated primarily to the County to respond to participant toll-free telephone inquiries and conduct permissible account transactions as directed by the participant. Contractor will require call center service representatives to obtain and maintain the necessary licenses to provide participants with information about available Plan investments and general investment and retirement education. In addition, Contractor shall provide:



## EXHIBIT A: STATEMENT OF WORK

- a. An "overflow" contingent of five (5) call center service representatives that have been trained on the Defined Contribution Program.
  - b. An integrated electronic system to direct participant calls to the next available call center service representative that will minimize answer- and wait- times.
  - c. Respond to participant telephone calls within the time parameters set forth in the Performance Standards exhibit.
  - d. Automatic recording of all participant calls that will be marked with the participant's employee identification number and stored in accordance with the record retention provisions of this Contract. Contractor will sample calls received during the week for quality assurance and training purposes. Appropriate notice must be given to participant prior to the recording of calls.
  - e. An integrated electronic system to have Contractor follow-up with a participant's specific inquiry, if the call center representative had to conduct additional research to provide a complete answer to the inquiry. The system will also capture the call's subject matter to assist in identifying trends or major issues in the participant population.
- 3.6 Require local and call center service representatives to become familiar with the retirement Plans applicable to County employees and the laws to which the plans are subject. The local service representatives will work closely with the Los Angeles County Employees Retirement Association and participate in weekly retirement planning presentations.
- 3.7 Conduct formal training, at least annually, to local and call center service representatives to review specific provisions in the Plans and current laws, regulations and issues relating to defined contribution plans.
- 3.8 Provide eligible employees and participants with information about the Plan(s) and the investment options available, general investment and retirement education, and any new procedures, benefits and/or other Plan(s) changes. Service representatives shall also assist participants in calculating the deferral rates for various contribution objectives, i.e. rate to receive full matching contribution and/or rate to reach annual contribution limit.
- 3.9 Establish and maintain a local service center schedule that allows participants and eligible employees to meet in-person with a local service representative by:

## EXHIBIT A: STATEMENT OF WORK

- a. Visiting a regularly scheduled information table at major County facilities;
  - b. Scheduling an individual appointment at the local service center;
  - c. Attending a scheduled group presentation at a County facility/event; or
  - d. Attending a group presentation at their worksite that has been arranged between their supervisor and a local service representative. A minimum of 10 individuals must be scheduled to attend this type of group presentation.
- 3.10 Prohibit local and call center service representatives from providing investment advice.
- 3.11 Explain to participants the annual contribution limits for each Plan and, to those eligible participants, the option to utilize coordinated 457 and 401(k) contribution limits.
- 3.12 Explain to participants the catch-up options available to each Plan. If the participant does not participate in the coordinated 457 and 401(k) contribution limit, the Contractor shall automatically apply the higher contribution limit for age-50 catch-up. The participant may elect to establish a personal deferral rate that will meet the higher contribution limit.
- 3.13 Upon a participant's request, Contractor shall perform the research required to determine the amount of catch-up available to a participant under the 457's three year from normal retirement age catch-up provision. A participant must affirmatively elect to participate in this catch-up program. Note: The participant files for records earlier than 1997 are on microfiche.
- 3.14 Provide access to local and call center service representatives between the hours of 8:00 a.m. and 5:00 p.m. (Pacific Time).

### (Voice Response System and Website)

- 3.15 Establish a dedicated toll-free telephone number dedicated to the Defined Contribution Program:
- a. The telephone system will provide participants the option to use the voice response system or speak directly with a call center service representative.
  - b. Contractor shall provide a minimum of 336 lines dedicated to answer participant calls



## EXHIBIT A: STATEMENT OF WORK

- 3.16 Provide a secure voice response system for the Defined Contribution Program that will provide participants with:
- a. The latest information about their Plan(s) and related news, subject to County approval.
  - b. Access to review account information and conduct transactions for each Plan.
  - c. Tools to assist in retirement and investment planning.
- 3.17 Provide a secure and customized participant website for the Defined Contribution Program that is coordinated with the marketing strategy. Online resources shall include:
- a. Access to review account information and conduct approved transactions for each Plan;
  - b. Current news (general retirement, investment and Plan-specific news), subject to County approval;
  - c. Plan information (SPD, newsletters, forms, special announcements, and other communication materials);
  - d. Investment option details (fund data sheets and graphic historical performance of investment options);
  - e. Online calculators (County paystub and deferral calculator, retirement savings, investment compounding, etc.);
  - f. Plan Administrative Committee information (meeting schedule, agenda, minutes); and
  - g. Option to receive electronic statements, Plan newsletters, and confirmation notices for participant directed transactions initiated online in lieu of United States Postal Service delivered Plan communications.
- 3.18 The County and Contractor agree that it is the intent of the parties to this Contract that participant transactions conducted by electronic means, including, without limitation, enrolling in the Plans, deferral elections, hardship and loan applications, distribution option elections, investment decisions, be enforceable. Consequently, Contractor agrees that any electronic voice response system and website participant transaction services required by this Contract shall be designed and implemented to comply with the California Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.



- 3.19 Provide access to the website and voice response system 24 hours a day and 365 days a year. Downtime for website and voice response system maintenance is regularly restricted to the weekly maintenance window of Sundays from 12:00 midnight to 12:00 noon.

(Enrollment Services)

- 3.20 Act as the County's enrollment agent for defined contribution plan(s).
- 3.21 Develop a "Participation Agreement" that contains the required entry fields for employee demographics, participation date, deferral percentage and allocation, and beneficiary information necessary to establish a participant account. The Participation Agreement content and format is subject to the County's approval.
- 3.22 Issue an enrollment invitation to eligible non-participating employees:
- a. Annually on the last business day of June; and
  - b. Within 90-days of eligibility, if they have not already established a participant account with an active ongoing contribution.

Such online enrollment invitation shall contain security measures to protect and confirm the eligible employee's identity to secure online enrollment. ie. Personal Identification Number (PIN).

- 3.23 Provide eligible employees with at least two enrollment venues: i) submission of a completed and signed Participation Agreement by mail or in-person, and ii) secure online enrollment that can certify eligible employee's identity, ie. PIN provided in the enrollment invitation.
- 3.24 Provide the eligible employee, prior to completing a Participation Agreement, the opportunity to receive general investment and retirement education, an overview of the Plan(s) and the County specific benefits including information about available Plan investments, and corresponding current communication materials. Materials can be provided through the local/call center service representative, mail, telephone voice response system or website.
- 3.25 Offer eligible employee a toll-free telephone consultation with a call center service representative for the completion of the Participation Agreement.
- 3.26 Process the Participation Agreement. Contractor shall cooperate with the County to establish processing guidelines and timeframes for the accurate and timely execution of the Participation Agreement, including:

## EXHIBIT A: STATEMENT OF WORK

- a. Confirming the Participation Agreement is complete. Contractor is to contact eligible employee to complete the missing entry fields;
  - b. Protocols to identify and resolve enrollment errors and omissions;
  - c. Verifying employee eligibility to participate in the Plan(s); and
  - d. Providing written confirmation of enrollment; otherwise, provide written notice to the employee if he or she is not eligible after Contractor has received eligibility status confirmation from the County.
- 3.27 Provide written notice to the participant if he or she is no longer eligible to participate in the Plan(s) after the Contractor has received current eligibility data from the County.

### (Other Forms and Disclosures)

- 3.28 Develop and produce other standardized administrative forms necessary to conduct participant directed transactions, including deferral and distribution forms. The content and format of such materials are subject to the County's approval. Examples of some of the administrative forms are provided in Attachment Z – Communication Materials & Forms.
- 3.29 Maintain current and necessary disclosure statements on the Participation Agreement, administrative forms, and participant account statements as required to establish and maintain the Plan's status as a qualified Plan or eligible deferred compensation plan, as applicable.
- 3.30 Make available the Participation Agreement and other administrative forms through the various County departmental human resource offices, local and call center service representatives, mail, telephone voice response system or website.



## 4.0 RECORD KEEPING SERVICES

The Contractor shall

- 4.1 Establish and maintain a system to provide seamless access to participant records received from the former TPA as described in subsection 1.3.
- 4.2 Establish and maintain a separate ledger exclusively for the Defined Contribution Program that will serve as the financial control for cash flow between Contractor's recordkeeping system, Administrative Accounts, and Bank Accounts. Contractor shall reconcile all accounts and activity daily.

### (Payroll)

- 4.3 Transmit participant contribution elections and loan deductions to the County at least once a month based on the County's payroll schedule. This data file will be used by the County to initiate, change or cancel participant deductions related to the Plans.
- 4.4 Establish and maintain a data file that conforms to the data input specifications as shown in Attachment A (K00 Batch Header and K00 Miscellaneous Deductions). The data file must be transmitted via a File Transfer Protocol (FTP) to the County's server. The County shall provide 30 days written notice to the Contractor for any change to the format of the data file.
- 4.5 By 8:00 a.m., Pacific Time, on or before the 19th of each month (or first business day prior when the 19th is a weekend or holiday), notify the Auditor-Controller, Accounting Division (via faxed or emailed written instructions) of amounts to be wire transferred on the following Business Day by the County to the Depository Account, as defined in section 7.0 BANKING SERVICES for each Plan and immediately thereafter from each Depository Account to the individual investment providers; provided that the payroll activity file is provided to Contractor by the 15<sup>th</sup> of the month and the adjustment file is provided at least two days prior to the date funds are to be wire transferred to the investment provider.
- 4.6 Automatically establish and then maintain a Pension Savings Plan participant account for those County employees on the current payroll activity file with a Pension Savings Plan contribution but without a Plan account with the Contractor.

### (Payroll Errors)

- 4.7 Establish and maintain procedures with the County to identify and correct payroll errors. Upon receipt of data file from Contractor, the County will process the file through an edit/validation process. Transactions that are



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exceptions must be corrected by the Contractor per established timeframes. The Contractor will receive a fax or email of the exception report and enter the correction transactions by 5:00 p.m. Pacific Time on the same Business Day, as defined in section 7.0 BANKING SERVICES, via the Auditor Controller's Data Conversion System (ACDC). This system can be accessed via the internet by the Contractor. Some participant errors and omissions may require manual processing.

### (Suspense Accounts)

- 4.8 Establish and maintain a subsidiary record of all suspense items and research and resolve them within five (5) business days. Suspense items may occur when a participant has requested a transaction but, due to the lack of sufficient information or other causes, it is unclear how it should be processed or processing is delayed. In the event:
- a. The value of the securities to be purchased and/or redeemed changes during the suspense period, Contractor shall apply the Delayed Transaction or Trading Error Settlement protocol described in Section 8.0 INVESTMENT RELATED SERVICES.
  - b. A suspense item is due to incomplete or inaccurate information provided by the participant, such amount shall remain in the Plan's Depository Account and Contractor shall contact the participant to obtain accurate and complete information. The transaction will be completed and amounts moved out of the suspense account as of the date when complete information is received by the Contractor. Complete information shall be defined as name, amount of the deferral, and 100% allocation instructions which are clear.

### (Post Payroll Files)

- 4.9 Upon completion of payroll processing, the Contractor will receive three files from the County. The following files support all of the County's 401K and 457 plans with the exception of the Pension Savings Plan.
- a. Demographic file. This file contains records for employees along with their eligibility information. Employees that are included on this file are those that are current employees or have separated from County service in the current month. Data specifications for this file are shown in Attachment B.
  - b. Employee Activity File. This file contains employee activity processed during regular payroll, including all contributions

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made for an employee to the Plan(s). Data specifications for this file are shown in Attachment C.

- c. Supplemental/Cancellation Adjustment File. This file contains contribution adjustments made during the payroll month. Data specifications for this file are shown in Attachment D.

### (Post Payroll Files for the Pension Savings Plan)

Upon completion of payroll processing, the Contractor will receive two files from the County on the Pension Savings Plan.

- 4.10 Demographic File. This file contains records for all eligible employees. Data specifications for this file are shown in Attachment E.
- 4.11 Employee Activity File. This file contains all employee activity processed for the Pension Savings Plan including adjustments. Data specifications for this file are shown in Attachment F.

### (Implementation of New County Payroll System)

- 4.12 Cooperate with the County during implementation of a new payroll system scheduled for January 2010 through 2012. Implementation of this new payroll system may require changes to the format of the input files. Additionally, the formats of some or all of the post payroll files may change.

### (Participant Accounts)

- 4.13 Ensure that each participant's account complies with the applicable Plan terms and that all forms and authorizations are complete and on file.
- 4.14 Establish and maintain records providing daily information associated with a participant's account, including but not limited to investment balances, deferral election, deferral contribution balance, matching contribution balance, after-tax contributions, earnings, vesting, rollover accounts, loan accounts, administrative costs, transaction authorizations, address, beneficiary designation(s), and any other information determined by the County from time to time to be necessary for the proper administration of a participant's account.

Subject to direction received from time to time from the County Project Manager, create and maintain separate accounts and separate subaccounts, and segregate participant's assets by money-type. Currently such accounts and subaccounts shall include:

Deferred Compensation and Thrift Plan (Horizons) - Deferred compensation contributions, catch-up contributions, termination pay



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contributions, matching contributions made prior to January 1, 2004 [have not been treated as wages for purposes of the hospital insurance ("HI") tax], grandfathered matching contributions made prior to January 1, 2004 [contributions that are not subject to HI tax], matching contributions made on or after January 1, 2004, rollover contributions, and Pension Savings Plan transfer contributions.

Pension Savings Plan - Deferred compensation contributions, employer contributions made prior to July 1, 2004 [have not been treated as wages for purposes of the HI tax], grandfathered matching contributions made prior to July 1, 2004 [contributions that are not subject to HI tax], matching contributions made on or after July 1, 2004.

401(k) Savings Plan - Tax deferral contributions, catch-up contributions, termination pay contributions, after-tax contributions, matching contributions (including sub-accounts for vested and non-vested matching contributions), rollover contributions, Deferred Earnings Transfer contributions.

- 4.15 Establish and maintain a system for the Deferred Compensation and Thrift Plan and the Pension Savings Plan that is designed to withhold HI taxes from matching contribution accounts, including earnings accrued thereon, to the extent that the matching contributions were not treated as wages for purposes of assessing the HI taxes when the matching contributions were made to the Plans.
- 4.16 Identify, implement, and maintain the annual contribution limits provided by the respective Plans. Contractor shall request, upon enrollment, those participants that are contributing to both the Horizons and Savings Plan to elect either the separate 457 and 401(k) annual contribution limits or the coordinated pre-EGTRRA annual contribution limit of \$8,500; whereupon, Contractor shall inform the County of the current participant election or change thereof, as provided by the Plans.
- 4.17 Accept participant deferral rate elections and provide the participant written confirmation.
- 4.18 Track the date of entry, years of participation, and vesting of employer matching contributions for each participant by Plan, provided the information is provided to Great-West.



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- 4.19 Perform all required functions relating to transfer of participant's payroll deferral and contributions from the depository bank accounts to the allocated investment providers.
- 4.20 Perform all required functions relating to participant directed transfers between investment options, including implementing the transfer restriction policies established in the respective Plan's Investment Policy, see Attachment Y.
- 4.21 Perform all required functions relating to participant directed benefit disbursements, including issuing the check or electronic direct deposit. Contractor shall comply with the terms of the respective Plan's guidelines established by the respective Plans Administrative Committees and tax laws and regulations.
- 4.22 Perform all required functions relating to participant death benefits, including verification, notifying current beneficiaries on file, and processing the account distribution in accordance with Plan provisions, probate orders, court orders, etc. Contractor shall request guidance from the County in disputed cases.
- 4.23 Perform all required functions relating to loan originations, approvals, disbursements, repayments and defaults as specified in the Plan documents and loan procedures that have been reviewed and approved by the County.
- 4.24 Perform all required functions relating to Section 457 Emergency Withdrawals and Section 401(k) requests for Hardship Withdrawals, including notification of approvals and denials as specified in the Plan documents and procedures established and approved by the respective Plan Administrative Committee. Each Plan Administrative Committee shall have sole discretion and authority within their respective Plan to set the criteria and establish the parameters of what constitutes an approved emergency or hardship benefit and the procedures for handling such benefits through written guidelines. Contractor shall handle and process such benefits on behalf of the Plan Administrative Committee and shall report on the processing of such benefits as part of the Quarterly Administrative Report.
- 4.25 Prepare and mail confirmation of any transaction initiated by a participant online or through the voice response system within two (2) Business Days after the transaction is completed; prepare and mail confirmation of participant transaction executed through a non-automated system, such as a service representative or paper form, within five business days after receipt of complete information. The content and format of such confirmation shall be subject to County review and approval.

- 4.26 Perform all required functions relating to Domestic Relations Orders (DRO) including placing distribution restrictions on the participant's account, sufficient to preserve the Alternate Payee's interest, until the County is able to qualify the DRO and direct the Contractor to establish a separate DRO Alternate Payee account. Distribution from DRO Alternate Payee accounts shall conform to guidelines approved by the County.
- 4.27 Perform all required functions relating to Lost participants, as provided in the respective Plans and consistent with tax law requirements.
- 4.28 Perform all required tax withholding and reporting for participant distributions.
- 4.29 Establish and implement a system to provide written notice to participants of Plan(s) distribution options and minimum distribution requirements within ninety (90) days after receiving written confirmation of the termination from the County.
- 4.30 Maintain a participant's account until all amounts in the account have been distributed to the participant, Beneficiaries, or it is moved to the lost participant account; whereupon, the participant account shall then be closed. Although the participant account is closed, Contractor shall retain all records for each participant and make them accessible in case those records are required at a later date, ie. Verification of a participant or Beneficiary claim on a lost participant account.

(Computer Services)

- 4.31 Provide the County with secure online access to participant and Plan information, including the ability to generate standard reports and a comprehensive search engine for ad-hoc queries that will allow the County to confirm participant records and conduct Plan activity research. The County shall provide a current list of County employees authorized to access Contractor's online participant and Plan records, including identifying the read and/or write privileges of each individual. Contractor shall provide training to County employees, as needed.
- 4.32 Establish physical and electronic security procedures to protect participant and Plan information from unauthorized access. Contractor shall conduct ongoing exercises to ensure electronic access to Defined Contribution Program records and transactions are secure and make available the most current security report, upon County request.
- 4.33 Provide the County with the Contractor's written Emergency Plan in the event Contractor's corporate headquarters, call center, and/or local service center are made inoperative. The Emergency Plan shall ensure a minimal level of service continuity including, but not limited to, providing an alternate



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work site, off-site backup and storage of all Defined Contribution Program data, and a disaster recovery plan. The Emergency Plan shall be subject to County review and shall be updated annually and more frequently if circumstances warrant.

- 4.34 Acknowledge that all participant and Defined Contribution Program records within computer data files, maintained by the Contractor, shall at all times remain the property of the County notwithstanding the fact that such records may be stored upon or within one or more computer or data retention systems owned, operated or leased by the Contractor. The County shall, at all reasonable times, have access to the above stated information. To the extent that any such records are to be maintained upon a computer system or any other data retention system which is not owned by the Contractor, the Contractor shall provide the County with assurances from the owner of such computer facilities, satisfactory to the County, of the continued availability and security of such records at all times.
- 4.35 Maintain duplicate or back-up data files of current participant and Defined Contribution Program records in a mutually agreed upon place of safekeeping.
- 4.36 Maintain the computer systems and programs developed by the Contractor for purposes of reporting and/or making payments to participants in the Plans. However, recognizing the necessity of the availability of such computer system and programs in order to properly audit the Plans and carry out the administration of the Plans, the Contractor shall make available to the County or its representative(s) information about the source language listings and related program documentation during the course of any audit conducted by or on behalf of the County.
- 4.37 Provide access to the County, upon request, to all back-up source materials, reports, books, records, computer programs and all other information and documentation relating to each Plan, as reasonably required so that the County and/or its designated officers, agents and accountants, can conduct a financial examination and/or audit of the Plans.

### (Quarterly Participant Statements)

- 4.38 Develop a Quarterly Participant Account Statement (Participant Statement) in a format approved by the respective Plan Administrative Committees that includes:
  - a. Participant's name and address. Social Security Numbers are strictly to be omitted.
  - b. Account beginning and ending balance, accumulated deferral and matching contributions since enrollment, deferral



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percentage for each month, monthly deferral and matching contributions, after-tax contributions, distributions, loan information, rollovers, and change in value for the quarter.

- c. A detailed breakdown by investment options of the account beginning and ending balance, deferral and matching contributions, and earnings or losses.
  - d. The detailed identification of participant fees and charges.
  - e. All participant investment offsets, allowances and rebates under a heading, such as "Misc. Credits," which is mutually agreeable to Contractor and the County.
  - f. The date and type of the last participant initiated transaction during the service period (excluding payroll contributions and automated rebalance).
- 4.39 Cooperate with the County and the communication consultant to develop the monthly investment options performance sheet and insert the quarterly newsletters with the Participant Statements.
- 4.40 Mail the Participant Statements to the last mailing address, provided to the Contractor for each participant, by the later of fifteen (15) business days following the last calendar day of the quarter or ten (10) Business Days after receipt of all information required from third parties and/or the County.
- 4.41 Include a statement pertaining to the participant's responsibility to review the accuracy of the Participant Statement and to report any corrections or discrepancies to the County and Contractor as described in subsection 8.5 Delayed Transaction or Trading Error Settlements, Attachment I Participant Account Correction Protocol, and Contractor's account correction policy.
- 4.42 Provide the County with copies of the quarterly statements via:
- a. CD-ROM of Participant Statements
  - b. CD-ROM of participant loan statements
- All CD-ROM materials must be accessible and searchable with a mutually acceptable search engine and compatible with Microsoft Windows 95, Windows 98, Windows XT, Windows Vista, or the latest version of Windows provided by Microsoft.
- 4.43 Coordinate with County Project Manager to draft notices to be included from time to time on the Participant Statement.

(Monthly Recordkeeping/Financial Report)

Within 20 business days following the last business day of the month, Contractor shall compile the various monthly reports detailed within this Contract for each Plan and provide the County with a "Monthly Recordkeeping/Financial Report". Unless otherwise stated, the reports should reflect the activity during the current service period and the year-to-date. Contractor shall:

- 4.44 Report the exceptions to the current service period payroll contributions. Contractor shall categorize the exceptions and identify the number of processed and outstanding cases, including the average turnaround time.
- 4.45 Report and categorize suspense accounts on the last business day of the month that includes all unpaid and uncleared transactions. Contractor shall identify and comment on cases that are older than 5 business days. Contractor shall also report on amounts that have not cleared since the last reporting period.
- 4.46 Report participant account activity, including:
  - a. Plan participation analysis (total participants, contributions, allocations, distributions by type, etc.)
  - b. Recordkeeping-ledger-banking systems reconciliation, as described in 9.0 ACCOUNTING AND FINANCIAL CONTROLS.
  - c. Investment account reconciliation/analysis, as described in 9.0 ACCOUNTING AND FINANCIAL CONTROLS.
  - d. Loan summary (new, outstanding, repayments, etc)
  - e. Age 70 report
  - f. Matching contribution forfeitures
  - g. Excess contributions
  - h. Monthly Plan asset totals
  - i. TPA and County fee reconciliation/analysis
  - j. Stale dated check account reconciliation/analysis
  - k. Lost Participant account reconciliation/analysis
  - l. Monthly Loan Rate confirmation letter

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- 4.47 Report and reconcile the recordkeeping system, ledger, Administrative Accounts, bank accounts, investment accounts, and other financial documents as described in 6.0 ADMINISTRATIVE ACCOUNTS, 7.0 BANKING SERVICES, and 9.0 ACCOUNTING AND FINANCIAL CONTROLS.
- 4.48 Cooperate with the County to format an acceptable comprehensive monthly report.
- 4.49 Provide an annual report for each Plan within twenty (20) Business Days after the end of each calendar year.



## 5.0 ADMINISTRATIVE SERVICES

The Contractor shall

- 5.1 Meet with the County and any other company involved with the Defined Contribution Program, at least quarterly in Los Angeles at a County office designated by the County Project Manager, for the purpose of reviewing the Plan's operational status, resolving any problems, and discussing any relevant issues.
- 5.2 Agree to comply with the Defined Contribution Program's Participant Account Correction Protocol (the "Correction Protocol") attached as Attachment I. The Correction Protocol may be revised from time to time by the Plan Administrative Committees with input from and notification to the Contractor.
- 5.3 Cooperate with the County on special projects related to the Defined Contribution Program.
- 5.4 Prepare and maintain special purpose reports as determined by the Plan Administrative Committees to be necessary for the proper administration of the Plans.
- 5.5 At least quarterly, provide the County with a written briefing on proposed and pending State or Federal legislation, regulations, or other changes in the retirement and investment industries that may have an impact on the record keeping, investments, and administration of the Defined Contribution Program.
- 5.6 Inform the County within 30 calendar days of recently enacted Federal or State tax laws and regulations. Contractor shall explain how the changes will affect the benefits, record keeping, and administration of the Plan(s). Contractor and Contractor's legal counsel shall also cooperate with the County and County legal counsel in making the corresponding necessary amendments to the Plan(s) that provide participants the most advantageous benefits.  
  
Contractor shall not charge the Defined Contribution Program for any changes to Contractor's systems or services that are needed to administer changes to the Plans that are required by State or Federal law or regulations.
- 5.7 Review and inform the County of existing Plan(s) limitations and administrative structures subject to improvement.
- 5.8 Notify the County of all upgrades to the financial systems, voice response system, and website that are made available to any other institutional

clients, and provide such upgrades to the County subject to the provisions of Contract Section 8.2 Most Favored Public Entity.

(Administrative Manual)

- 5.9 Establish written policies and procedures to maintain the secure financial integrity of the Defined Contribution Program and efficiently streamline the processing of participant transactions and other administrative functions.
- 5.10 Establish and maintain a current "Administrative Manual" containing procedural rules for the handling of all participant transactions, including enrollment (hardcopy and electronic), deferrals, transfers, loans, hardship withdrawals, termination/withdrawals, general inquiries, complaints, and any other administrative function that County may request be documented from time to time. At least once every year, Contractor shall review the Administrative Manual, update as necessary, and submit changes to the County for review and approval.
- 5.11 Include in the Administrative Manual a description of the structure and inter-relationship of the recordkeeping, ledger and banking systems. The description shall include the processing, financial controls and reconciliation of participant initiated cash flow through the system.

(Establishing and Terminating Defined Contribution Plans)

- 5.12 Provide full cooperation for the establishment of a new qualified defined contribution plan or eligible deferred compensation plan (the "new Plan"), as directed by the County. The County may, at some future date, make the business decision to introduce a new defined contribution plan to benefit employees; however, no addition(s) to the Defined Contribution Program is currently anticipated during the term of this contract. In the event a new plan is sponsored by the County, Contractor shall negotiate, in good faith with the County, a Pricing Schedule to be charged to the new Plan's participants for plan administration, participant and recordkeeping services. The terms, services, and conditions detailed in this Contract shall apply to the new Plan.
- 5.13 Provide full cooperation in the termination of a County defined contribution plan, as directed by the County. Contractor shall establish the logistics necessary to wind-down the Plan, including:
  - a. Establishing and maintaining a Plan Termination Journal documenting the activities planned and taken to terminate the Plan;



## EXHIBIT A: STATEMENT OF WORK

- b. Notifying participants of the termination schedule and providing distribution election forms. The content and format of all notices are subject to County review and approval; and
- c. Filing any required forms with the IRS and/or regulatory agencies.

### (Annual Site Visit)

- 5.14 Coordinate with County the annual site visit to Contractor's corporate headquarters. During the annual site visit, Contractor shall provide the County access to:
- a. Facilities including call service center and recordkeeping and financial systems.
  - b. Contractor's specialists, who will provide the County with a walk-through their area of responsibility (i.e. Call service center, financial controls, banking systems, recordkeeping systems, etc.)
  - c. Contractor's local and call center service representatives for a group discussion of issues encountered during the year, training, a sampling of cases handled, and a Hardship file review.

The annual site visit shall also provide a forum to discuss current contractual, policy, and operational issues between the County and Contractor.

### (Quarterly Administrative Report)

- 5.15 Provide a written and in-person quarterly "Administrative Report" to the respective Committees, no later than sixty 60-calendar days following the end of the service period being reported. The Administrative Report shall:
- a. Include a compliance statement from the Contractor that all required services in this Contract have been met during the quarterly service period. The Contractor shall identify and thoroughly explain the circumstances of any discrepancy, including measures to minimize future repetition.
  - b. Include basic participant and Plan statistics for the quarter and year-to-date, including the number of new participants, Plan asset balances, and the number and amount of distributions, hardships approved/pending/denied, transfers between investment options, delayed transactions, loans, conversion to annuities, rollovers, etc. Contractor shall also report any



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defaults or Plan or procedural violations such as, deemed distributions, transfer policy violations, etc.

- c. Identify Plan-level investment option statistics, such as allocations, contributions, and demographic distribution of assets. Contractor shall perform minor analysis of participant investment statistics to identify trends and potential investment education issues, i.e. diversification, asset allocation, time horizon to retirement, risk aversion, etc.
  - d. Analyze participant transactions, demographics and other significant measurements of participant usage of Plan benefits, investments, and services. The transaction analysis shall reflect whether services were provided by local or call center service representatives, website, or voice response system.
  - e. Include enrollment, counseling, and marketing/outreach statistics of the local service center.
  - f. Include call center, voice response system, and website operational access and down-time statistics.
  - g. Report any recurrent issues posed to service representatives.
  - h. Summarize the status of current administrative and operational projects directed by the County and Plan Administrative Committee(s).
  - i. Include formal complaint statistics. Contractor shall identify any common issues that participant's have raised concerning the Plan(s) or service provided by the Contractor.
- 5.16 Provide an annual report for each Plan within twenty (20) Business Days after the close of each calendar year.
- 5.17 Provide monthly Employer Plan Summary Reports within twenty (20) Business Days after the close of each month.

## 6.0 ADMINISTRATIVE ACCOUNTS

The Contractor shall establish a series of "Administrative Accounts" comprised of one or more record-keeping sub-accounts within each Plan established from time to time by Contractor at the request of the County for the administration and accounting of Plan expenses and contingencies. Administrative Accounts may include accounts established to hold forfeitures of matching contributions due to the operation of the Plan's vesting schedule, administrative fees debited from the participant accounts, funds attributable to stale checks and lost participants, float interest earnings from the Investment Sweep Account and the other Administrative Accounts, earmarked investment manager and custodial fees and unprocessed gains. The Administrative Accounts are invested at the direction of the County and credited with earnings in accordance with the terms of the investment vehicle selected by the Plan Administrative Committee from time to time.

The Contractor shall tie the Administrative Accounts to the record-keeping system and the separate ledger established exclusively for the Defined Contribution Program.

### 6.1 Deposits into Administrative Accounts.

- a. On a Business Day that is mutually agreeable to Contractor and County, the Contractor shall deposit monthly TPA and County administrative fees, collected that day from participant accounts, into the corresponding Administrative Account.
- b. On any Business Day, Contractor is authorized to accept ACH transfers of investment management and related fees from the Defined Contribution Program's investment firms, custodians, and consultants. Contractor shall deposit these fees into the Administrative Account specified in the ACH transfer directions, as provided by either the County or custodian.
- c. Contractor shall deposit interest earnings from the banking structure's Concentration Account into the appropriate Administrative Account within ten (10) Business Days of receipt of written notification from the Bank of the amount of monthly interest to be credited to the Investment Sweep Account.
- d. Upon the County's case by case authorization, Contractor shall transfer funds from a participant's account pursuant to each Plan's provision for lost participants.
- e. On any Business Day, Contractor shall transfer funds from a participant's account pursuant to each Plan's provision for the vesting and forfeiture of matching contributions.



- f. On any Business Day, Contractor shall transfer funds from the Concentration Account pursuant to administrative procedures for stale dated checks.
- g. Deposits into the Administrative Accounts shall remain until such time a participant or his/her beneficiary claims a lost participant account, a participant or his/her beneficiary requests a stale dated check to be reissued, the County authorizes disbursement to pay for specified Defined Contribution Program expenses, or the County directs the Contractor to offset incoming matching contributions with the forfeited matching contributions.

6.2 Disbursements from Administrative Accounts.

- a. Contractor shall maintain a current list of authorized County signatories approved by the County to pay Defined Contribution Program expenses from the Administrative Accounts.
- b. The County shall provide an "authorization to pay" specific invoices received and approved for payment. The authorization to pay shall identify the form of payment, either by check or ACH, the Contractor will use to pay Defined Contribution Program expense.
- c. Within five (5) business day of receiving the County's authorization to pay, Contractor is authorized to initiate a transfer from the appropriate Administrative Account to the Concentration Account for purposes of funding the payment of Plan expenses that the County has approved for payment.
- d. Contractor will cause checks for the payment of approved Plan expenses to be issued against the Controlled Disbursement Account. Contractor will establish commercially reasonable banking control procedures for checks issued from the Controlled Disbursement Account.
- e. On any Business Day, Contractor is authorized to initiate a transfer from the Concentration Account to the Funding Account for purposes of funding checks presented for payment against the Controlled Disbursement Account.
- f. When total check presentations are made against the Controlled Disbursement Account, the Bank that maintains the Funding Account and the Controlled Disbursement Account



will transfer funds from the Funding Account to honor the check presentations.

- g. On any Business Day, Contractor is authorized to initiate transfers from the Concentration Account to the ACH Account for purposes of funding the payment of Plan expenses that the County has approved for payment via ACH.

**6.3 Allocation of Administrative Account Interest Earnings.**

Contractor agrees to notify County in writing within twenty (20) Business Days following each month of the amount of interest earned on each of the Administrative Accounts within each Plan as of the last business day of each month. On a Business Day that is mutually agreeable to Contractor and County, Contractor is authorized to withdraw the amount of such interest earnings from each of the Administrative Accounts within the respective Plans and deposit the funds in the Administrative Account that holds that Plan's float interest earnings.

**6.4 Reporting.**

Within twenty (20) Business Days after the end of each month, Contractor will provide a financial reconciliation report of the Administrative Accounts against vendor invoices, administrative fees charged to participant accounts, fees collected/received and deposited, interest sweeps, other deposits, and disbursements from the Administrative Accounts. The report shall include copies of the cancelled or issued checks, depending on the agreement with the bank, for the Administrative Accounts, a listing of all Administrative Account transactions during the month, and confirmation that funds were correctly processed through the Defined Contribution Program's ledger and banking structure. The Contractor shall identify any discrepancies and notify the County for additional direction.

## 7.0 BANKING SERVICES

The County, Contractor and Trustee shall establish a series of depository and securities clearing accounts and cash management procedures to facilitate the efficient administration of the Plans, the timely execution of investment directions from participants, Plan Administrative Committees and the County, and the correct disbursement of funds in cash from the Plans. The procedures set forth herein are designed to create security controls with respect to the transfer of Plan assets, control bank charges and other expenses of the Plans, adequately document the disbursements of Plan funds and corresponding accounts that have been debited, minimize idle funds and maximize interest earnings on funds held pending long-term investment or disbursement. This banking arrangement will be established exclusively for the County of Los Angeles Defined Contribution Program, at the request of the County, in lieu of the omnibus client banking arrangements customarily offered by Contractor. Contractor and the County agree to negotiate in good faith to ensure commercially reasonable price protections for the Plans with respect to the banking arrangements that are the subject of this Contract. Such protections shall be consistent with Sections 401(a) and 457(g) of the Internal Revenue Code.

Notwithstanding the foregoing, at any time during the term of the Contract, the County may direct the Trustee to contract with Contractor for inclusion in one or more of the commingled banking accounts that Contractor makes available to other governmental customers who maintain retirement and deferred compensation plans held in trust.

The Contractor shall tie Banking Services to the record-keeping system and the separate ledger established exclusively for the Defined Contribution Program.

**MODEL BANKING STRUCTURE:** Contractor shall provide banking services comparable to, or as described, in this Section.

### 7.1 Terms and Description of Accounts.

- a. "ACH Account" means a non-interest bearing account established at a Bank for purposes of funding benefit payments, the payment of Plan expenses and payments to the applicable taxing agencies which are made via ACH instead of by check. All ACH transactions will be made from the ACH Account and the ACH Account will be funded via bank transfer from the Concentration Account. The ACH Account will be established as a Zero Balance Account.
- b. "Bank" means one or more banks or similar financial institutions supervised by agencies of the United States or a State at which the Trustee(s) of the Plans, at the direction of the County or the Plan Administrative Committee, have established accounts for the ordinary administration of the Plans and for the disbursement and collection of funds in cash



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under the terms of the Plans. The Bank may be, but is not required to be, the same financial institution as the Trustee or another fiduciary to the Plans. The banking arrangement is illustrated in the attached schematic, which may be changed from time to time as mutually agreed between the County, Contractor, and Trustee.

- c. "Business Day" means any calendar day except for Saturdays, Sundays and days that the New York Stock Exchange is closed or a Bank is closed.
- d. "Concentration Account" means a Demand Deposit Account established and maintained at a Bank for the purposes of efficient administration of the Plans and effective control over all disbursements from and transactions in the Plans. All collected balances will be transferred daily to the Concentration Account which is funded by daily transfers from the Depository Accounts, the Trading Account, investment providers for the fixed investment options and by periodic deposits of 12b-1 fees and custodial fees from the investment vehicles made available under the Plans. All funds required for Plan distributions, loans, Plan expense payments and investments flow through the Concentration Account. The Concentration Account is intended to have a zero collected balance whereby collected balances are transferred daily for overnight deposit in the Investment Sweep Account.
- e. "Controlled Disbursement Account" means a non-interest bearing account established at a Bank for the purpose of making Plan distributions, loans, and Plan expense payments via check. The Controlled Disbursement Account is intended to have a zero collected balance.
- f. "Demand Deposit Account" (DDA) means a non-interest bearing demand deposit account established at a Bank.
- g. "Depository Account" (DA) means a Demand Deposit Account established and maintained at a Bank for purposes of receiving Plan contributions, including, without limitation, salary deferrals, matching contributions, rollover contributions and plan to plan transfers, and Plan loan repayments and payoffs. All deposits into a Depository Account, including participant-directed rollovers or plan-to-plan transfers, must be authorized by the County or the appropriate Plan Administrative Committee. A separate Depository Account is established and maintained with respect to each Plan. All Depository Accounts are intended as Zero Balance Accounts



whereby all collected balances are transferred daily to the Concentration Account.

- h. "Investment Sweep Account" means an interest-bearing account established and maintained at a Bank for the purpose of crediting interest earnings on funds which are held overnight or longer for any purpose under any of the Plans.
- i. "Lockbox" means a wholesale lockbox service attached to each of the Depository Accounts.
- j. "Trading Account", "Trading Platform", or "Clearing Account" means a non-interest bearing account established by Contractor for use solely in connection with clearing securities transactions with respect to the Plans. The Trading Account is established pursuant to subsection (k)(2)(i) of Rule 15c3-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR § 240.15c3-3(k)(2)(i)).
- k. "Trustee" means one or more successor trustees appointed by the County. The Trustee for the Defined Contribution Program shall maintain ownership and the respective account agreement for each of the bank accounts. The bank accounts will be individually labeled "[Account Type] – [Trustee Name] as Trustee for the County of Los Angeles Defined Contribution Program" and assigned the Trustee's Taxpayer Identification Number.
- l. "Wire Transfer Controls" means commercially reasonable wire/electronic fund transfer procedures with pre-established and authorized fund transfer limits approved by the County from time to time for all of the Plans' Bank accounts.
- m. "Zero Balance Account" (ZBA) means that balances in the account are maintained at zero via a nightly Bank-initiated transfer.

7.2 Relationship of Contractor with respect to the Trustee.

Contractor shall establish and maintain an agency agreement with the Trustee for purposes of administering the Defined Contribution Program. The agency agreement shall provide the Contractor with certain record-keeping and administrative duties set forth in the applicable trust agreements governing the Plans, including, without limitation, authority to transfer Plan assets as required to execute participant, Plan Administrative Committee or County directions with respect to investments

and disposition of Plan assets as set forth in this Contract. Contractor acknowledges that the County's decision, with respect to the appointment of the Trustee of the Plans, will be based, in part, on Contractor's relationship with Trustee. Contractor agrees to notify the County if Contractor's agreement with Trustee has a material change that will affect the Defined Contribution Program, is terminated, or expires. Contractor will provide evidence of the Trustee agency agreement that is applicable to the Plans as is reasonably requested by the County from time to time.

Furthermore, Contractor agrees the agency agreement between the Contractor and Trustee shall prohibit any compensation to be exchanged between Contractor and Trustee for activities and services related to the Defined Contribution Program.

7.3 Financial Controls.

Contractor will establish Wire Transfer Controls for all funds transferred between each of the bank accounts and each investment provider.

7.4 Deposits.

Contributions. The County agrees to make all contributions to any of the Plans through the Depository Account assigned to each Plan. Contractor shall deposit any payments and rollovers received from participants through a general Defined Contribution Program Depository Account.

Concentration account. On any Business Day, Contractor will instruct the Bank to transfer collected balances in the Depository Accounts, Funding Account, Trading Account, and Investment Sweep Account to the Concentration Account to fund activity described in Disbursements and Directed Investments.

Overnight sweep. At the close of each Business Day, the bank will transfer any collected balance in the Concentration Account to the Investment Sweep Account.

7.5 Disbursements.

Funding a disbursement. On any Business Day, Contractor is authorized to initiate a transfer from the Trading Account and transfers from the investment providers of the fixed investment options to the Concentration Account for purposes of funding benefit payments, loans and withdrawals ("Benefit Payments") to participants, Plan expenses, and any corresponding tax payments.

Check disbursement. On any Business Day, Contractor is authorized to initiate a transfer from the Concentration Account to the Controlled Disbursement Account for purposes of funding check presentment against



the Controlled Disbursement Account. Contractor will establish commercially reasonable banking control procedures for checks issued from the Controlled Disbursement Account.

ACH disbursement. On any Business Day, Contractor is authorized to initiate transfers from the Concentration Account to the ACH Account for purposes of funding tax payments, Benefit Payments for participants who have elected ACH distribution(s) and, upon written direction from the County, at a later date, the payment of Plan expenses.

7.6 Directed Investments.

Sub-transfer agent agreements. Securities purchases and redemptions are governed by the terms of the sub-transfer agent agreement between the investment providers, custodian(s), and Contractor and the terms of the investment contract between the County, the Plans, the Trustee or the Plan Administrative Committee and the investment provider and custodian. Contractor agrees to conform the processing of securities purchases and redemptions through the bank accounts within the terms of the respective sub-transfer agent agreements and to provide the County with prompt notice of any amendments to or changes in the sub-transfer agent agreements which may impact the trading of securities under the Plans. Furthermore, Contractor agrees the sub-transfer agent agreement between the Contractor and the investment providers and custodian(s) shall prohibit any compensation to be exchanged between Contractor and the investment providers and custodian(s) for activities and services related to the Defined Contribution Program.

General securities transactions. On any Business Day, Contractor is authorized to initiate electronic transfers between the Concentration Account, Trading Account and the investment provider(s) for the fixed interest investment options for purposes of making securities purchases and redemptions in accordance with instructions of participants, the Plan Administrative Committee or the County. Investment instructions received by Contractor by 1:00 p.m. Pacific Time shall be executed pursuant to the Late Day Trading protocol described in 8.0 Investment Related Services. Investment instructions received after 1:00 p.m. Pacific Time shall be executed as if the instructions were received the following business day.

7.7 Allocation of Interest.

Contractor agrees to calculate the amount of monthly interest paid on the Investment Sweep Account to be credited to each Plan based on Plan transaction activity during that month. On the last business day of each month, Contractor is authorized to withdraw the amount of such interest earnings from the Concentration Account and deposit the funds in the



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Administrative Account for each Plan that is designated to hold float interest earnings.

Contractor will provide the County with an annual update of the interest rate applied to the Investment Sweep Account and notify the County of any more favorable bank interest rates that may be available to the Plans through other Contractor banking arrangements of which the Contractor is aware.

### 7.8 Bank Overdraft Protection.

Contractor shall establish and maintain financial controls designed to avoid a negative Bank account balance. Contractor shall not be responsible for funding overdrafts and any related bank charges except to the extent the overdraft is due to Contractor's failure to comply with such financial controls, negligence or willful misconduct.

### 7.9 Bank Charges.

Within ten (10) Business Days of receiving the monthly invoice from the Bank, Contractor shall:

- a. Review and reconcile all bank charges and fees (collectively referred to herein as "Bank Charges") corresponding to the banking services requested and rendered and the applicable fee schedule that has been agreed to with the Bank.

Identify, research, and explain any extraordinary bank activity, fees, volume, charges, etc.

- b. Identify and exclude any overdraft protection costs being charged to the Plan(s) or County.
- c. Calculate the portion of the Bank Charges (less any applicable credits issued by the Bank) that are attributable to each Plan.
- d. Provide the County with a payment request that includes the bank invoice, applicable Bank client analysis statements and reports that are reasonably required to support Contractor's calculations. Whereupon, the County shall review the payment request and authorize payment pursuant to the Disbursements from Administrative Accounts protocol described in Section 6.0 ADMINISTRATIVE ACCOUNTS.
- e. Contractor will provide the County with an annual update of the applicable Bank fee, credit, and interest rate schedules and notify the County of any more favorable bank terms that may

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be available to the Plans through other Contractor banking arrangements of which Contractor is aware.

### 7.10 Reports.

Within twenty (20) Business Days after the end of each month, Contractor shall:

- a. Identify and categorize the outstanding amounts remaining in the bank accounts on the last business day of the month. Contractor shall also reconcile the outstanding amounts with the participant and/or Plan Administrative Committee directed transaction on the ledger and recordkeeping system. Contractor shall comment on outstanding amounts older than five (5) business days.
- b. Reconcile disbursements from the bank accounts to participant directed distributions, payments from the Administrative Accounts, and tax withholding.
- c. Calculate the amount of Investment Sweep Account interest earned during the month that is to be allocated to each Plan and credited to the appropriate Administrative Account for float interest earnings. Contractor shall also report the Investment Sweep Account interest that was deposited for the prior month.

### 7.11 Banking Arrangements/Agreements and Changes.

In the event of any discrepancy between this Contract and the banking agreements entered into between the Trustee and any of the Banks used for the benefit of the Plans, the banking agreements will control.

Banking arrangements or agreements and any change to them requires the prior approval of Contractor and the County.

In the event that any of the Banks utilized in connection with performing services under this Contract terminate the relevant deposit account or change their procedures or the types of bank accounts or services they make available such that the County's objectives cannot be met or Contractor's standard banking or trading procedures are disrupted, the County agrees to instruct the Trustee to establish bank accounts at a successor bank that is also acceptable to Contractor. Contractor agrees to provide prompt notice to the County of any change of which it has become aware and to cooperate with the County in establishing new accounts prior to the effective date of the change in procedures, bank accounts, or services of the affected bank or financial institution.



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In the event that establishment of a new banking arrangement is delayed or does not address the objectives in this Contract, the parties agree to negotiate in good faith a novation to this Contract.

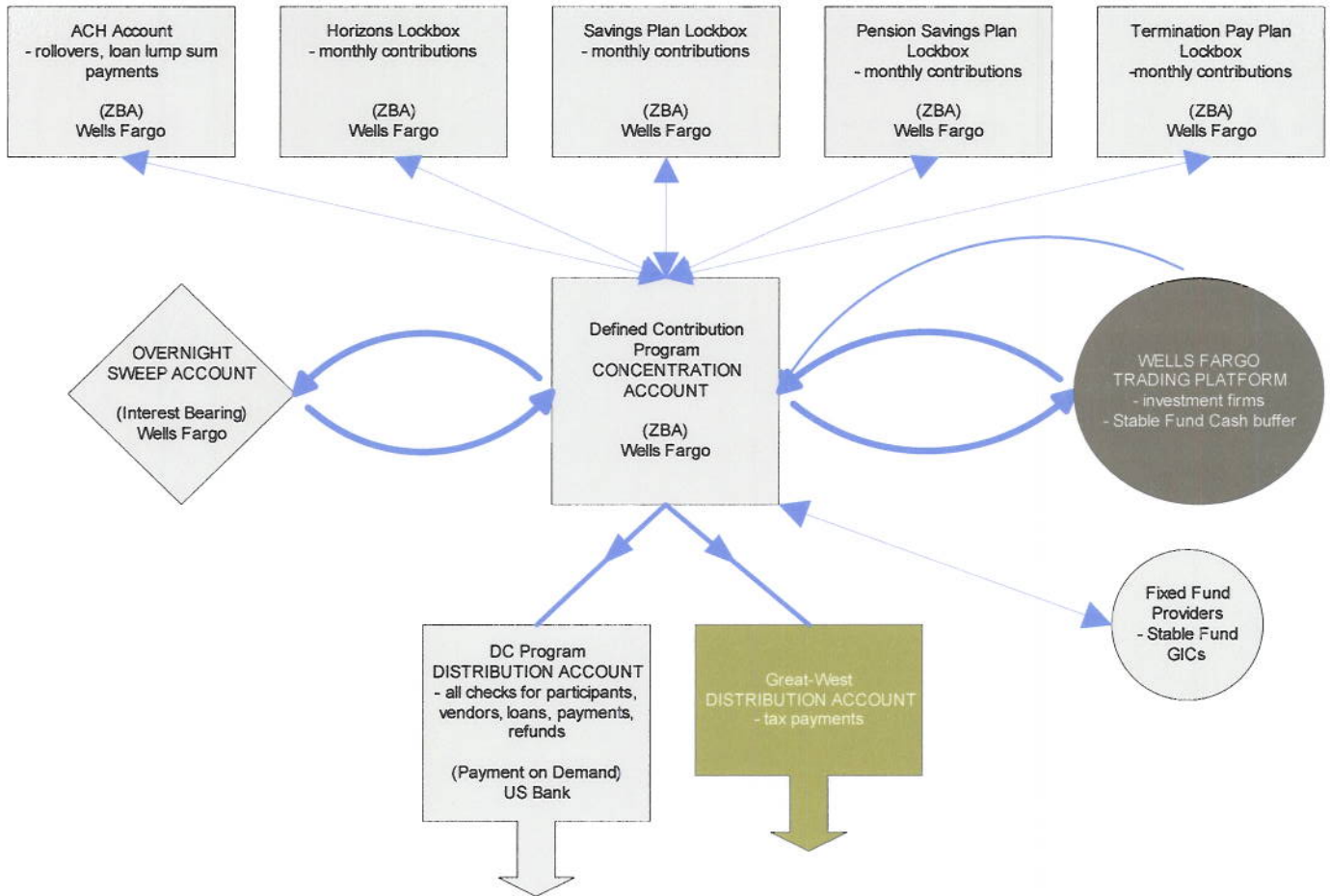
Contractor is not liable for any damages if it is unable to perform under this Contract due to any changes in policy or procedures by any Banks or other financial institutions which provide services to any of the Plans unless such changes were known to Contractor or reasonably should have been known to Contractor and Contractor failed to provide reasonable notice to the County of such change as required by this Contract or Contractor failed to use commercially reasonable and County-approved steps to mitigate such damages.

### 7.12 General Provisions.

At all times, Contractor will comply with all applicable State and Federal banking laws, as they are amended from time to time.



Figure A. Banking Structure



## 8.0 INVESTMENT RELATED SERVICES

The respective Plan Administrative Committees have authority to select the investment options available to participants in the respective Plans. Contractor shall administer Plan Administrative Committee and participant directed investment transactions in the most efficient and accurate manner that will minimize any potential transaction costs.

### 8.1 Investment Policy.

Contractor shall cooperate with the Plan Administrative Committees to implement the Investment Policy established for each Plan as described in Attachment Y.

### 8.2 Participant Access.

Contractor shall provide participants daily access to their accounts and, during Business Days, the ability to transfer assets from one investment option to another, as permitted by the transfer restriction policy included in the Investment Policy.

### 8.3 Investment Securities Transactions – Best Execution.

Investment securities services described in this Contract require the Contractor to effect the purchase and redemption of securities at the direction of the participants and/or the respective Plan Administrative Committee. Investment securities services are to be executed accurately, efficiently and in accordance with instructions and policies adopted by the respective Plan Administrative Committees.

### 8.4 Investment Securities Transactions – Processing of Daily participant Instructions.

Consistent with the law and limitations imposed by investment providers and the Plan's transfer restriction policy, Contractor shall facilitate the ability of participants to make daily changes to their account(s) including transferring between investment options. Investment instructions received by the Contractor:

- a. Before 1:00 p.m. Pacific Time, will be reflected on the participant's account(s) as having been executed that Business Day based on the valuation of the investment securities at the close of market. Contractor shall process participant instructions pursuant to subsection 8.3 Best Execution.



- b. On or after 1:00 p.m. Pacific Time or when the market is closed, will be reflected on the participant's account(s) as having been executed the following Business Day (the "Next Business Day") based on the valuation of the investment securities at the close of market on the Next Business Day.

For each investment option selected to be incorporated into a Plan's investment menu, the Contractor shall cooperate with the investment provider and custodian to establish a written protocol for executing fund-level and securities-level transactions. In accordance with Contractor written policy in compliance with SEC rule 22c-2, Contractor shall notify the County within 24 hours of identifying any current or prospective investment option that imposes early redemption fees, does not provide for daily and/or same day trading, or any other investment provider rule or policy that may restrict a participant's ability to make daily changes to their account(s).

Contractor shall work with County to develop and/or update participant communication materials that disclose any trading rules or limitations associated with making investment securities changes in their account(s). Any such disclosure shall be subject to the review and approval by the County.

#### 8.5 Delayed Transaction or Trading Error Settlements.

Contractor shall be responsible for all settlements among the investment providers and custodian(s) related to directions received from either the Plan Administrative Committee, participant or the County to transfer assets between the investment options.

In the event securities are not purchased and/or redeemed as instructed or within the specified timeframe, notwithstanding the proper and timely transmission of investment instructions from the Plan Administrative Committee, participant or County to the Contractor, Contractor has agreed to comply with the following:

- a. Participant-Directed Trading Errors -- The following procedures apply with respect to any participant-directed trading error that is due to a failure or omission of the Contractor that a participant or the County reports within 90 days of the date of the quarterly statement reflecting the error.
  - i. If the participant instructs Contractor in writing or orally on a recorded line to correct the trading error retroactively, the Contractor shall reverse the late or erroneous transaction (ie, redeem the shares or units



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purchased in error) and reprocess the transaction (ie, purchase the correct number of intended shares or units) as if the correct transaction had been consummated on the original execution date. The date of the reversal and reprocessing shall be the "date of correction."

- ii. If the trading error resulted in the participant suffering a "loss" (that is, the effected portion of the participant's account on the date of correction is worth less than it would have been if no error had been made), the Contractor shall, as part of the reprocessing, fund the purchase of enough of the intended shares or units to restore the participant's account to the level it would have been on the date of correction if the correct number of intended shares or units had been purchased on the correct date.
  - iii. If the trading error resulted in a "gain" to the participant (that is, the effected portion of the participant's account on the date of correction is worth more than it would have been if no error had been made), the "gain" shall be allocated in the participant's account and shall be invested pursuant to the participant's most recent investment directions as communicated to Contractor pursuant to the Plan's investment direction procedures.
  - iv. Notwithstanding the foregoing, upon notification to the County Project Manager, Contractor may reverse only so much of the erroneous transaction or purchase only as much of the intended shares or units or take such other corrective action as the Contractor determines is necessary and feasible to fully restore the participant's loss as required under subsection 8.5.a.ii above or to effectuate the participant's instructions and investment directions.
- b. Delay in Communicating Participant Investment Direction -- The following procedures apply with respect to a delay in executing a participant-directed investment direction that is due to a failure or omission of the Contractor that a participant or the County reports within 90 days of the date of the quarterly statement reflecting the error and that is determined to have caused the participant account to suffer a loss.
- i. The Contractor shall reverse the late transaction (ie, redeem the shares or units purchased late) and

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reprocess the transaction (ie, purchase the correct number of intended shares or units) as if the transaction had been consummated on the correct execution date. The date of the reversal and reprocessing shall be the "date of correction." The Contractor shall, as part of the reprocessing, fund the purchase of enough of the intended shares or units to restore the participant's account to the level it would have been on the date of correction if the correct number of intended shares or units had been purchased on the correct date.

- ii. Notwithstanding the foregoing, upon notification to the County Project Manager, Contractor may reverse only so much of the transaction or purchase only as much of the intended shares or units or take such other corrective action as the Contractor determines is necessary and feasible to fully restore the participant's loss as required under subsection 8.5.b.i above or to effectuate the participant's instructions and investment directions. Alternatively, the Contractor may elect to restore the participant's account with a cash settlement within no less than two (2) days where reasonable and upon notification to the County Project Manager.
- c. Plan-Level Failures/Delays in Execution -- The parties agree that under certain circumstances the correction procedures described above for participant-level errors may not apply to Contractor errors that occur at the plan level and are not reflected on individual participant record-keeping accounts. Examples of plan-level failures include delays in investing payroll deferrals because of Contractor delays in processing payroll files received from the County and Contractor delays in executing investment direction for fund eliminations. Delayed Plan-level transactions that have not been reflected on individual participant's record-keeping accounts shall be corrected in accordance with this subsection 8.5c; delayed transactions that have been reflected on participant's accounts will be corrected in accordance with subsection 8.5b. In addition, regardless of whether the error is reported by the County, Contractor agrees to take the following corrective action upon notice to the County Project Manager for any delay it identifies.
  - i. The Contractor shall reverse the late transactions (ie, redeem the shares or units purchased late) and reprocess the transactions (ie, purchase the correct



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number of intended shares or units) as if the transactions had been consummated on the correct execution date. The date of the reversal and reprocessing shall be the "date of correction." All participant accounts will be put in the position on the date of correction that they would have been in on such date if the transactions had been consummated on the correct execution date.

- ii. If in reversing the late transactions and reprocessing the transactions, the Plan suffered a "net loss," the Contractor shall, as part of the reprocessing, fund the purchase of enough of the shares or units needed to restore to the Plan the level of shares or units it would have been holding on the date of correction if the transactions had been correctly executed on a timely basis. The Plan will have suffered a "net loss" if the Plan on the date of correction is worth less than it would have been if the transactions had been timely executed. Contractor shall be responsible for all "net losses" due to the correction of Contractor Plan-level errors.
- iii. If in reversing the late transactions and reprocessing the transactions, the delay resulted in a "net gain" to the Plan, the "net gain" shall be held by the Contractor and shall be used to offset any "net losses" from other Plan-level failures that occur in the same calendar year. The Plan will have suffered a "net gain" if the Plan on the date of correction is worth more than it would have been if the transactions had been timely executed. At the end of each calendar year, any "net gain" shall be a credit that reduces the Contractor fees for the plan year that immediately follows the year in which the "net gain" was accumulated.
- iv. Notwithstanding the foregoing, the Contractor may elect to restore the Plan with a cash settlement within no less than two (2) days where reasonable and upon notification to the County Project Manager.

If Contractor is not the party responsible for the delay, Contractor shall cooperate with the County in demanding the party responsible fund the correction. Contractor shall include the statistics on delayed transactions (both at the Plan and participant level) and participant-directed trading errors within the Quarterly Administrative Report.



These corrective procedures are in addition to those described in Attachment I – Administrative Correction Protocols. The parties intend that the manner in which this provision will be administered by Contractor will be described in a separate written policy and guidelines document that will be developed by the PAC and its staff with input from and notification to the Contractor but agree that the implementation or enforcement of this provision will not be delayed pending preparation of any documentation contemplated by this Section 8.5.

8.6 Allocation of Offsets.

All offsets, reallowances and rebates (the “offsets”) provided with respect to an investment fund, including but not limited to rebates of 12b-1 fees, sub-agent transfer allowances, and other concessions from mutual fund managers, shall be allocated and distributed prorata to each participant, invested in that fund during the month corresponding to when the offset is incurred, within thirty (30) days following the date of receipt by the Contractor.

Contractor shall identify and disclose the existence and methodology for allocating all offsets to participants in the respective Plan’s disclosure materials.

8.7 Investment Option Performance Return Calculations

The Contractor shall perform the following services at the discretion of the respective Plan Administrative Committees. Contractor shall include the cost for each optional service in Exhibit B - Pricing Schedule.

- a. Stable Fund. Contractor will be required to calculate the quarterly crediting rate for the Stable Fund based on the performance and projected returns of the underlying investment options. The Stable Fund is composed of various fixed income options including guaranteed investment contracts and actively managed investments. Contractor shall collaborate with the investment consultant and County.
- b. Performance Reporting. Contractor will be required to calculate the performance returns of each investment option necessary to meet the reporting requirements as set forth in Section 4.39.

8.8 Annuities.

For any participant considering an annuity distribution, Contractor shall provide annuity payout illustration and assist participant with annuity

purchases through County approved programs and confirm the initial payments from Insurers.

8.9 Changes to Investment Providers and Investment Option Menu.

Addition of a new Investment Option. Upon notification by the respective Plan Administrative Committee, Contractor will develop written procedures to integrate the new fund provider into the investment option menu. The written procedures shall include a schedule of events containing, without limitation, the following items: (i) notification by the Plan Administrative Committee in writing to the new fund provider and current fund providers that will be used to "seed" the new fund, if applicable; (ii) notification by Contractor in writing to the new fund provider and current fund providers that includes the funding schedule; and (iii) notification by Contractor to the Plan Administrative Committee of any transaction black-out period to be imposed by Contractor and/or the fund providers. Contractor shall cooperate with County on drafting and distributing Plan investment communications to Plan participants.

Termination of Fund as Plan Investment Option. Upon notification of a fund termination and identification of a new successor fund by the respective Plan Administrative Committee, Contractor will develop written procedures for transfer of assets from a terminated fund provider to a new fund provider. The written procedures shall include a schedule of events containing, without limitation, the following items: (i) notification by the Plan Administrative Committee in writing to the terminated fund provider and the successor fund provider; (ii) notification by Contractor in writing to the terminated fund provider and the successor fund provider that includes the redemption and purchase schedule; and (iii) notification by Contractor to the Plan Administrative Committee of any transaction black-out period to be imposed by Contractor and/or the fund providers. Contractor shall cooperate with County on drafting and distributing Plan investment communications to Plan participants.

Changes to the Investment Option Menu. Upon notification by the respective Plan Administrative Committee, Contractor will cooperate with the Plan's investment consultant to coordinate with fund providers and custodian(s) any changes to the Investment Option Menu, which is the list of investment options available for participant investment. Changes may range from minor labeling/branding to a complete restructuring of the menu. Contractor shall cooperate with County on Plan investment communications to Plan participants.

8.10 Use of Broker-Dealer Affiliate.

With approval of the County, Contractor may utilize the Trading Account to initiate transactions for other investment options under the Plans that are



## EXHIBIT A: STATEMENT OF WORK

not a registered security, as described in the Securities Act of 1933. The Contractor represents that applicable law requires such transactions to be effected only by securities broker-dealers that are registered with the United States Securities and Exchange Commission (the "SEC").

Contractor represents and warrants the SEC registered securities broker-dealer that it contemplates will be used in this Contract is a wholly-owned subsidiary of Contractor or has established an agency agreement with Contractor. Furthermore, Contractor warrants the broker-dealer is, and will remain, a SEC registered securities broker-dealer and shall comply in all respects with all provisions of this Contract applicable to the investment securities services to be performed in connection with the Plans as if the broker-dealer were a party to the Contract. Notwithstanding the performance of services by the SEC registered broker dealer, Contractor shall remain responsible for performance of the investment securities services and obligations under this Contract as if no subcontracting or delegation of duties had occurred.

Contractor shall maintain a written investment securities transaction contingency plan in the event the broker-dealer is not a SEC registered securities broker-dealer at any time during the term of this Contract. Contractor shall notify the County within one (1) Business Day of the broker-dealer's change in status and notify the County how Plan transactions will be handled henceforth in accordance with SEC rules and procedures in the event of impairment or dissolution of a broker-dealer. Contractor shall provide the investment securities transaction contingency plan to the County for review and approval within 20 Business Days of the execution of this Contract.



8.11 Affiliates Providing Investment-Related Services to the Plans.

If the Contractor knows or reasonably should know that an entity or person affiliated with the Contractor provides or has entered into a contract to provide investment management, advisory services, or an investment product to the Plan(s), the Contractor shall notify the County and agree to the follow procedures:

- a. An annual audit shall be undertaken by an independent consulting firm selected by the County to determine whether the Contractor has breached any duty to the Plan participants in order to favor the affiliated company. The independent auditor shall be paid by the Plans and the Contractor shall cooperate in every respect in providing information to the independent auditor selected to provide this report to the County. If the auditor determines that the Contractor has violated any duty owed to the participants or failed to satisfy the requirements of this subsection 8.11, the County shall have cause to terminate the Contract. Such audits shall be undertaken to cover each period that both the Contractor and affiliate provided services to the Plan(s) and the 3 months preceding and following such period(s). The audit shall be due within 45 days of the completion of the audit period;
- b. All marketing and enrollment material prepared for the County employees shall prominently contain in a separate paragraph in capital letters a disclosure setting forth the relationship of the Contractor to the affiliated companies; and
- c. The Contractor shall not participate in matters that it knows or reasonably should know affecting or potentially affecting the contracts entered into with the Plans by affiliates of the Contractor.

## 9.0 ACCOUNTING AND FINANCIAL CONTROLS

The Contractor shall

- 9.1 Perform any and all administrative functions necessary to ensure the thorough and accurate financial reporting of Defined Contribution Program accounts and full reconciliation of all Plan assets.
- 9.2 Reconcile each month the separate ledger to individual participant accounts, the Administrative Accounts, bank accounts, and investment providers.
- 9.3 Reconcile each month the investment accounts and any ancillary accounts for each Plan with investment providers, trustee records, custodial records, and County records. Contractor shall provide a copy of the monthly financial reports and reconciliation summary to the County within fifteen (15) business days of month-end, provided Contractor has received all information required for such reconciliation from each Plan trustee, custodian, investment provider, or other relevant parties no later than ten (10) business days after the end of each calendar month. In the event that information required for the reconciliation is not received by the tenth business day after the end of the month, Contractor shall provide the reconciliation by the fifth business day following receipt of such required information. The monthly financial report reconciliation summary for each Plan should be in a form acceptable to the County.

## 10.0 AUDIT

The Contractor shall

- 10.1 Present to the County an annual audit of the Contractor and SAS 70 report prepared by an independent certified public accountant.
- 10.2 Cooperate annually with an independent certified public accountant selected by the County to perform a financial audit of the Plans in such a manner that the audit can be completed by March 31<sup>st</sup> of each year. The audit will be paid for by the Plans. Such audit may include, but is not limited to, certain agreed-upon procedures as described in Attachment H - Annual Audit & Agreed Upon Procedures.
- 10.3 Within ten (10) Business Days of the County's written request, allow the County or any authorized State or Federal agency or any duly authorized representative thereof to access, examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or other record relating to this Contract.



## 11.0 TRANSITION RESPONSIBILITIES UPON TERMINATION

In the event that the County elects not to renew the Contract at the end of its term, or otherwise terminates the Contract for default, convenience or insolvency, the Contractor shall:

- 11.1 Provide full cooperation for the orderly transition of administrative responsibilities, records, and participant services to the successor third-party administrator ("Successor TPA") in accordance with the following terms:

Provide documents and computer files including but not limited to:

- a. Contractor's Transition Journal, Administrative Manual, and any documented sub-contracted procedures;
- b. File descriptions and narratives for all input and output files, as mutually agreed between Contractor and the County;
- c. All information that resides in the Contractor's computer files relating to participant accounts, including individual participant account history, that the County reasonably requires for the transition and for the permanent records of the County;
- d. All documents and disclosures of participant selections or investments (electronic equivalent of such documents are acceptable);
- e. Providing the technical assistance to the Successor TPA and the County necessary to understand the content and interaction of the above mentioned documents and files.

Notwithstanding the technical access and assistance required by this subsection, the Contractor shall maintain the right to protect the confidentiality of software, documents, and files it deems proprietary.

- 11.2 In the event the County elects to perform the administrator function itself, the Contractor shall provide the necessary access to its computer systems, including any materials, programs, software, tools and duplicate data files, to the County for the proper administration of the Plans. Access to the Contractor's system shall be provided until such time as the County secures or acquires computer systems and programs to perform the administration itself, provided however, the right to use the Contractor's systems, programs and related documentation shall exist for a period not to exceed twelve (12) calendar months following termination of the Contract. Contractor shall also train and otherwise assist any County personnel in operating the computer systems. Hourly fees and non-labor expenses will be charged at commercially reasonable rates to the County for the Contractor's assistance in training and assisting County personnel

in operating the system, and for developing and providing any and all systems, programs, file documentation and operating procedures requested by the County in connection with the use of the Contractor's computer systems and programs.

The parties agree to negotiate in good faith the terms of a separate contract that facilitates the technical access set forth in this subsection 11.2. Such agreement is to be reached prior to the Contractor receiving any fees or compensation pursuant to the separate contract.

Notwithstanding the technical access and assistance required by this subsection, Contractor shall maintain the right to protect the confidentiality of software, documents, and files it deems proprietary

Reports and Information Upon Termination.

- 11.3 In the event that the Contract is terminated for any reason or is not renewed after the stated contract term, including extensions and without regard to whether a Successor TPA is selected, or the County elects to assume Plan(s) administration directly, the following account related materials, services and/or data will be provided by the Contractor to the County:
- a. A complete monthly financial report for each Plan, including the latest activity by each investment provider company (deposits, transfers in and out, withdrawals, fee/charges, investment offsets/allowances/rebates, earnings and adjustments); also a full reconciliation of total Plan(s) assets as of the last full day of service provided by the Contractor (the "closeout" date);
  - b. The complete details concerning all items in suspense including new items (participant name and number, month, amount, and proposed disposition) and items cleared in the latest period;
  - c. A listing of any items requiring adjustment/correction as of the "close-out" date;
  - d. A complete listing, details and information regarding any hardship withdrawal requests; and
  - e. Staff and records reasonably needed to allow for the timely completion of the annual financial audit of the latest Plan year for the Plan and to answer questions and to provide technical assistance during the transition period, such that the audit report can be completed by no later than December 31 for the



audit as of June 30 of the same year. In the event the termination date is not June 30, TPA will provide the previously stated records and information, such that the audit can be completed within six (6) months of the termination date.

Financial reconciliation: Plan Level Book Value to Participant Book Value

- 11.4 Upon termination of the Contract, Contractor shall be responsible for providing County with a reconciled accounting of the book value of the plan assets and book value of participant accounts. The Contractor's financial reconciliation shall be subject to an independent audit if requested by the County in its sole discretion. Any independent audit shall be at the expense of the County. In the event of a discrepancy between Plan level book values and participant level book values that is identified by the Contractor or an independent audit, Contractor agrees to provide a complete reconciliation to prove to the reasonable satisfaction of the County that any deficiency was not due to an act or omission of the Contractor. Contractor shall be responsible for making Participants and the Plans "whole" with respect a deficiency due to an act or omission of the Contractor.



**DATA INPUT TRANSACTION SPECIFICATIONS**

The K00 transaction is used to create, change or cancel employee elected deductions on the County's payroll system. These transactions are used to support the County's 401K and 457 plans. The following is a listing of the deduction codes that are currently used to support these deferred plans.

<u>Deduction Code</u>	<u>Description</u>
136	Accelerated Horizons Plan
137	Horizons Plan
138	Savings Plan
139	Savings Loan Plan
145	Deferred Earnings Loan Plan
151	Horizons Loan Plan
158	After Tax Savings Plan
188	Pension Savings Plan

**Transaction Batching Requirements**

Prior to submission to the County, all transactions must be batched as follows:

- All detail transaction records must be batched in groups of 249 or less and must be preceded by a single batch header record.
- Each batch must be assigned a batch number between 13000 to 13499.

The following pages provide the record layout for the batch and detail records and detailed requirements for each data element.

**Special Processing Required for the Accelerated Horizons Plan**

Accelerated Horizons Plan is the County term used for the special 457 catch- up provision prior to three years of normal retirement age.

When deduction transactions are submitted to the County for the Accelerated Horizons Plan, a limit amount must be provided on the detail transaction for each employee. This limit amount tells the County's payroll system to stop taking deductions for the calendar year if the employee's deduction year-to-date amount is equal to the limit amount on the transaction.

At the beginning of each calendar year, the Contractor must provide the County with a new limit amount for that calendar year for each employee participating in the Accelerated Horizons Plan.

Additionally, when an employee stops participation in the Accelerated Horizons Plan and begins participation in the Horizons Plan, the Contractor must provide a transaction to cancel the Accelerated Horizons Plan deduction (deduction code 136). The Contractor must also provide a transaction to create a Horizons Plan deduction (deduction code 137).

#### Pension Savings Plan

Employee deductions for the Pension Savings Plan are automatically started and stopped by the County's payroll system depending on the employee's eligibility. Upon an employee's election to change their deduction percentage, the Contractor must provide K00 transactions to make these changes. Specifications for K00 transactions are stated above.

## Attachment A (K00 Batch Header)

DATA ELEMENT DEFINITION K00				COUNTY OF LOS ANGELES			
SYSTEM NAME County Wide Payroll		SYSTEM/PROGRAM ID CW/PAY	PROGRAM NAME EDIT & VALIDATE/UPDATE	AUDITOR-CONTROLLER, SYSTEMS DIVISION		CHANGE NUMBER:	
FILE NAME/DATA SET NAME				NEW <input type="checkbox"/>	REVISED <input checked="" type="checkbox"/>	DATE DOCUMENTED 9/6/07	ANALYST Joyce Mok
		RECORD NAME K00 - BATCH HEADER		PROGRAM ID B25 & B60		MEDIA TYPE VARIOUS	
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION	
1	HEADER RECORD CODE	AN	3	1	3	Required. Must be '999'.	
2	FILLER	AN	3	4	6	Spaces.	
3	BATCH RECORD COUNT	N	3	7	9	Required. Count of records in a batch including header record.	
4	EFFECTIVE DATE	N	6	10	15	Required. Last day of accrual period. Example: Txns for the 08/30/07 payday should have an effective date of 08/15/07. Format YYMMDD.	
5	BATCH TXN CODE	AN	3	16	18	Required. Must be 'K00'.	
6	HASH 1	N	10	19	28	Summation of the values in the New Deduction Amount field within the batch. Zero-fill if no value. Format 9(10).	
7	HASH 2	N	10	29	38	Summation of the values in the New Deduction Percentage field within the batch. Zero-fill if no value. Format 9(10).	
8	HASH 3	N	10	39	48	Summation of the values in the Limit Amount field within the batch. Zero-fill if no value. Format 9(10).	
9	HASH 4	N	10	49	58	Zero-fill. Format 9(10).	



## Attachment A (K00 Batch Header)

DATA ELEMENT DEFINITION K00				COUNTY OF LOS ANGELES AUDITOR-CONTROLLER, SYSTEMS DIVISION			
SYSTEM NAME County Wide Payroll		SYSTEM/PROGRAM ID CWPAY	PROGRAM NAME EDIT & VALIDATE/UPDATE	NEW <input type="checkbox"/>	REVISED <input checked="" type="checkbox"/>	CHANGE NUMBER:	DATE DOCUMENTED 9/6/07
FILE NAME/DATA SET NAME			RECORD NAME K00 - BATCH HEADER	MEDIA TYPE VARIOUS		ANALYST Joyce Mok	
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION	
10	HASH 5	N	10	59	68	Zero-fill. Format 9(10).	
11	HASH 6	N	10	69	78	Zero-fill. Format 9(10).	
12	HASH 7	N	10	79	88	Zero-fill. Format 9(10).	
13	HASH 8	N	10	89	98	Zero-fill. Format 9(10).	
14	FILLER	AN	1	99	99	Spaces.	
15	BATCH NO.	AN	5	100	104	Valid values are 13000-13499. Format X(5).	

**Attachment A (K00 Miscellaneous Deductions)**

DATA ELEMENT DEFINITION				COUNTY OF LOS ANGELES AUDITOR-CONTROLLER, SYSTEMS DIVISION			
SYSTEM NAME County Wide Payroll FILE NAME/DATA SET NAME		SYSTEM/PROGRAM ID CWPA Y	PROGRAM NAME EDIT & VALIDATE/UPDATE	NEW <input type="checkbox"/> REVISED <input checked="" type="checkbox"/>	PROGRAM ID B25 & B60	CHANGE NUMBER:	DATE DOCUMENTED 9/7/07
		RECORD NAME K00 – MISCELLANEOUS DEDUCTIONS		MEDIA TYPE VARIOUS		ANALYST Joyce Mok	
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION	
1	TRANSACTION CODE	AN	3	1	3	Required. Must be 'K00'. Format X(3).	
2	EMPLOYEE NO.	AN	6	4	9	Required. Format X(6).	
3	TRANSACTION EFFECTIVE DATE	N	6	10	15	Required. Last day of accrual period. Example: Txns for the 08/30/07 payday, should have an effective date of 08/15/07. Format YYMMDD.	
4	DEPARTMENT NO.	AN	3	16	18	Required. Format X(3).	
5	DEDUCTION CODE	N	3	19	21	Required. This code identifies the deduction that is affected by this transaction. Valid deduction codes for deferred plans are 136, 137, 138, 139, 145, 151, 158, or 188. Format 9(3).	
6	CHANGE INDICATOR	AN	1	22	22	Required. This field can have the values of: 1 = Cancel (Used to cancel an existing deduction). 2 = Create (Used to create a new deduction). 3 = Change (Used to make a change to an existing deduction). Format X.	
7	OLD DEDUCTION AMOUNT	N	6	23	28	This field is optional and contains the old deduction amount. Format S9(4)V99.	
8	OLD DEDUCTION PERCENTAGE	N	4	29	32	This field is optional and contains the old deduction percentage used to calculate the deduction amount. Format S9V999. (Example, if percentage is 50%, then value is 0.500)	



**Attachment A (K00 Miscellaneous Deductions)**

DATA ELEMENT DEFINITION				COUNTY OF LOS ANGELES AUDITOR-CONTROLLER, SYSTEMS DIVISION			
SYSTEM NAME County Wide Payroll		SYSTEM/PROGRAM ID CW/PAY	PROGRAM NAME EDIT & VALIDATE/UPDATE	NEW <input type="checkbox"/>	REVISED <input checked="" type="checkbox"/>	CHANGE NUMBER:	DATE DOCUMENTED 9/7/07
FILE NAME/DATA SET NAME			RECORD NAME	PROGRAM ID B25 & B60		ANALYST Joyce Mok	
			K00 – MISCELLANEOUS DEDUCTIONS	MEDIA TYPE VARIOUS			
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION	
9	NEW DEDUCTION AMOUNT	N	6	33	38	Required for deduction codes 136, 139, 145 and 151 if Change Indicator is '2' (create) or '3' (change). This field contains the new deduction amount. Format S9(4)V99.	
10	NEW DEDUCTION PERCENTAGE	N	4	39	42	Required for deduction codes 137, 138, 141, 158, or 188 if Change Indicator is '2' (create) or '3' (change). This field contains the new deduction percentage used to calculate the deduction amount. Format S9V999. (Example, if percentage is 50%, then value is 0.500).	
11	LIMIT AMOUNT	N	7	43	49	Required for deduction code 136. This field contains the maximum amount to be taken for this deduction. When the cumulative amount of the deduction taken equals this limit, the deduction will be automatically stopped. Format S9(5)V99.	
12	ZERO-FILL	N	6	50	55	Zero-fill. Format 9(6)	
13	STOP DATE	N	6	56	61	Not required. This field contains the date that the system is to stop taking this deduction. Format YYMMDD.	
14	FILLER	AN	7	62	68	Spaces.	
16	3-CHAR LAST NAME	AN	3	69	71	Required. These are the first three characters of the employee's last name. Example: DO should be 'DO ', MC CAMY should be 'MC '. Format X(3).	



**Attachment A (K00 Miscellaneous Deductions)**

DATA ELEMENT DEFINITION					COUNTY OF LOS ANGELES AUDITOR-CONTROLLER, SYSTEMS DIVISION			CHANGE NUMBER:
SYSTEM NAME County Wide Payroll		SYSTEM/PROGRAM ID CWPAV	PROGRAM NAME EDIT & VALIDATE/UPDATE	PROGRAM ID B25 & B60	DATE DOCUMENTED 9/7/07	NEW <input type="checkbox"/> REVISED <input checked="" type="checkbox"/>		
FILE NAME/DATA SET NAME		RECORD NAME K00 - MISCELLANEOUS DEDUCTIONS			MEDIA TYPE VARIOUS	ANALYST Joyce Mok		
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION		
17	FILLER	AN	2	72	73	Spaces.		
18	401K ANNUAL 415c COMPENSATION WAGE LIMIT INDICATOR	AN	1	74	74	Required if Deduction Code is 138. 'Y' is subject to \$225,000 Basis 'N' is not subject to \$225,000 Basis		
19	FILLER	AN	9	75	83	Spaces.		
20	AGGREGATE-LIMIT- INDICATOR	AN	1	84	84	Required if Deduction Code is 138. This field should hold the values 'H' or 'L' L= If employee has elected to be subject to the aggregate limit of \$8,500. H= If employee is to be subject to the individual plan limits. Format X.		
21	FILLER	AN	15	85	99	Spaces		
22	BATCH NO.	AN	5	100	104	Required. Batch number on detail record must be the same as batch number on batch header record. Format X(5). Valid values are 13000-13499.		

## Attachment B (E10 Demographic File)

DATA ELEMENT DEFINITION				COUNTY OF LOS ANGELES			AUDITOR-CONTROLLER, SYSTEMS DIVISION		
				NEW <input type="checkbox"/>		REVISED <input type="checkbox"/>		CHANGE NUMBER:	
				<input checked="" type="checkbox"/>					
SYSTEM NAME COWPAY	SYSTEM/PROGRA M ID	PROGRAM NAME MASTER FILE POST PAYROLL REPORTS	PROGRAM ID E10	DATE DOCUMENTED 09/10/07					
FILE NAME/DATA SET NAME 7. SYSAC.ACCPE10E				RECORD NAME CONTRACTOR EMPLOYEE INFO (DEMOGRAPHIC FILE)		MEDIA TYPE FTP		ANALYST Joyce Mok	
NO.	DATA ELEMENT	TYPE	LENG TH	FRO M	TO	SOURCE/DESCRIPTION			
1	EMPLOYEE NUMBER	AN	6	1	6	Unique identifier for employee. Employees selected for this file are: 1. Active Employees 2. Employees separated from County service in the current month.			
2	SOCIAL SECURITY NO.	N	9	7	15				
3	EMPLOYEE NAME	AN	27	16	42				
4	STREET ADDRESS	AN	40	43	82				
5	CITY	AN	25	83	107				
6	STATE	AN	2	108	109				
7	ZIP 5	AN	5	110	114				
8	ZIP 4	AN	4	115	118				
9	DEPT	AN	3	119	121	Identifies employee's primary department.			



## Attachment B (E10 Demographic File)

DATA ELEMENT DEFINITION		COUNTY OF LOS ANGELES		AUDITOR-CONTROLLER, SYSTEMS DIVISION		CHANGE NUMBER:	
		NEW	REVISED				
#13	DATA ELEMENT DEFINITION						
13	SYSTEM NAME CWPAY	SYSTEM/PROGRA M ID	PROGRAM NAME MASTER FILE POST PAYROLL REPORTS	PROGRAM ID E10	DATE DOCUMENTED 09/10/07		
14	FILE NAME/DATA SET NAME SYSAC.ACCPE10E	RECORD NAME CONTRACTOR EMPLOYEE INFO (DEMOGRAPHIC FILE)		MEDIA TYPE FTP	ANALYST Joyce Mok		
2008	NO.	DATA ELEMENT	TYPE	LENG TH	FRO M	TO	SOURCE/DESCRIPTION
10	TERM REASON	AN	2	122	123		Termination Reasons: 20 – Term-Non-County Employment; 21 – Term-To remain at Home; 22 – Term-Moved; 23 – Term-Personal Reason; 24 – Term-Health; 25 – Term-Working Conditions; 26 – Term-Salary; 27 – Term-Returned to School; 28 – Term-Maternity; 29 – Term-In Lieu of Discharge; 30 – Term-Released Temporary; 31 – Term-Retirement; 32 – Term-Deceased; 33 – Term-Discharged; 34 – Term-Failed Medical Exam; 35 – Term-Recurrent Release; 36 – Term-Layoff; 39 – Term-Other; This field is blank if employee is Active or if employee has been rehired.
11	TERMINATION DATE	N	8	124	131		Date employee leaves County service. This is the first day the employee is no longer in service. This field is blank if employee is Active or if employee has been rehired. FORMAT: CCYYMMDD
12	BIRTH DATE	N	8	132	139		CCYYMMDD FORMAT
13	REHIRE OF RETIREE	AN	1	140	140		'Y' = Rehired Retiree blank = Employee is not a Retiree
14	HORIZONS LIMIT	N	7	141	147		9(5)V99 FORMAT. For 2007 Accel Horizons = 31,000 or less.



## Attachment B (E10 Demographic File)

#		DATA ELEMENT DEFINITION				COUNTY OF LOS ANGELES		AUDITOR-CONTROLLER, SYSTEMS DIVISION		CHANGE NUMBER:					
						NEW	REVISED								
13		SYSTEM NAME CCWPAY				SYSTEM/PROGRA M ID		PROGRAM NAME MASTER FILE POST PAYROLL REPORTS		PROGRAM ID E10	DATE DOCUMENTED 09/10/07				
14		FILE NAME/DATA SET NAME 7, SYSAC.ACCPE10E				RECORD NAME CONTRACTOR EMPLOYEE INFO (DEMOGRAPHIC FILE)		MEDIA TYPE FTP		ANALYST Joyce Mok					
15		DATA ELEMENT				TYPE		LENG TH		FRO M		TO		SOURCE/DESCRIPTION	
16		AGGREGATE LIMIT				N		7		148		154		Reg Horizons = 15,500 or if 50 or over then 20,500. THIS VALUE MAY CHANGE EACH YEAR.	
17		SAVINGS LIMIT				N		7		155		161		If employee is subject to lower limit, then this field will contain 8500.00 otherwise this field will contain 99999.99. FORMAT 9(5)V99	
18		AGGREGATE LIMIT IND				AN		1		162		162		Employee's Last Election 'L' = Aggregate Lower Limit 'H' = Separate Dollar Limit blank = No requested limit, Default to separate dollar limit.	
19		ELIGIBILITY FOR HORIZONS				AN		1		163		163		'Y' = Eligible for Horizons Plan 'N' = Not eligible for Horizons Plan	
20		ELIGIBILITY FOR SAVINGS				AN		1		164		164		'Y' = Eligible for Savings Plan 'N' = Not eligible for Savings Plan	
21		CURRENT ACTIVE ACCEL HORIZONS PLAN				N		7		165		171		Current Deduction Amount. This is the requested amount, not the actual deduction taken.	
22		CURRENT ACTIVE REG HORIZONS PLAN				N		7		172		178		Current Deduction Percent.	

## Attachment B (E10 Demographic File)

#		DATA ELEMENT DEFINITION		COUNTY OF LOS ANGELES		AUDITOR-CONTROLLER, SYSTEMS DIVISION		CHANGE NUMBER:	
				NEW	REVISED				
13		SYSTEM NAME CCWPAY	SYSTEM/PROGRA M ID	PROGRAM NAME MASTER FILE POST PAYROLL REPORTS	PROGRAM ID E10	DATE DOCUMENTED 09/10/07			
17		FILE NAME/DATA SET NAME SYSAC.ACCPE10E	RECORD NAME CONTRACTOR EMPLOYEE INFO (DEMOGRAPHIC FILE)		MEDIA TYPE FTP	ANALYST Joyce Mok			
2008		NO.	DATA ELEMENT	TYPE	LENG TH	FRO M	TO	SOURCE/DESCRIPTION	
22			CURRENT ACTIVE SAVINGS PLAN	N	7	179	185	Current Deduction Percent.	
23			CURRENT ACTIVE AFTER TAX SAVINGS PLAN	N	7	186	192	Current Deduction Percent.	
24			CURRENT ACTIVE SAVINGS LOAN	N	7	193	199	Current Deduction Amount. This is the requested amount, not the actual deduction taken.	
25			CURRENT ACTIVE PHY SAV LOAN	N	7	200	206	Current Deduction Amount. This is the requested amount, not the actual deduction taken.	
26			CURRENT ACTIVE HORIZONS LOAN	N	7	207	213	Current Deduction Amount. This is the requested amount, not the actual deduction taken.	
27			DEDUCTION/MATCH BASE ANNUAL LIMIT	AN	1	214	214	'X' = Employee Savings Plan Deduction/Match base limited by \$225,000. blank = No Limit	
28			HIRE/REHIRE DATE	N	8	215	222	Appears only if employee is hired during processing month. Format :CCYYMMDD.	
29			FILLER	AN	18	223	240		



## Attachment C (E41E Employee Activity File)

DATA ELEMENT DEFINITION				COUNTY OF LOS ANGELES AUDITOR-CONTROLLER, SYSTEMS DIVISION			
SYSTEM NAME CWMPAY	SYSTEM/PROGRAM ID	PROGRAM NAME GREAT WEST CURRENT ACTIVITY FILE	NEW <input checked="" type="checkbox"/> REVISED <input type="checkbox"/>	PROGRAM ID ACCPE41	CHANGE NUMBER: DATE DOCUMENTED 1/27/06		
FILE NAME/DATA SET NAME SYSAC.ACCPE41E		RECORD NAME CONTRACTOR EMPLOYEE ACTIVITY FILE	MEDIA TYPE FILE		ANALYST Girle Guevarra		
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION	
1	SOCIAL SECURITY NO.	AN	9	1	9	Format X(9).	
2	EMPLOYEE NAME	AN	27	10	36	Format X(27).	
3	EMPLOYEE NO.	AN	6	37	42	Format X(6).	
4	DEPT NO.	AN	3	43	45	Format X(3).	
5	PAY LOCATION	AN	4	46	49	Format X(4).	
6	BARGAINING UNIT	AN	4	50	53	Format X(4).	
7	ITEM NO.	AN	5	54	58	Format X(5).	
8	ITEM SUB	AN	1	59	59	Format X.	
9	RETIREMENT CODE	AN	1	60	60	Format X.	
10	SALARY RATE	N	11	61	71	Employee's Salary Rate Format +999999.999	
11	CURRENT TAXABLE WAGES	N	9	72	80	Current Taxable Wages Format +99999.99	
12	YTD TAXABLE WAGES	N	11	81	91	YTD Taxable Wages Format +9999999.99.	



## Attachment C (E41E Employee Activity File)

DATA ELEMENT DEFINITION				COUNTY OF LOS ANGELES AUDITOR-CONTROLLER, SYSTEMS DIVISION			
SYSTEM NAME CWPAY	SYSTEM/PROGRAM ID	PROGRAM NAME GREAT WEST CURRENT ACTIVITY FILE	NEW <input checked="" type="checkbox"/> REVISED <input type="checkbox"/>	PROGRAM ID ACCPE41	CHANGE NUMBER:	DATE DOCUMENTED 1/27/06	ANALYST Girlie Guevarra
FILE NAME/DATA SET NAME SYSAC.ACCPE41E			RECORD NAME CONTRACTOR EMPLOYEE ACTIVITY FILE	MEDIA TYPE FILE			
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION	
13	OFF STATUS CODE	N	3	92	94	155 – Leave of Absence (Military) 171 – Out of Service Layoff 199 – Transfer Out 300 – Out of Service Resigned 400 – Out of Service Retired 420 – Out of Service Death Format 9(3).	
14	OFF STATUS DATE	N	6	95	100	Date of last status change. Format YYMMDD.	
15	ACCRUAL DATE	N	6	101	106	Accrual Date Format YYMMDD.	
16	SAVINGS PLAN ELIGIBILITY FLAG (138 or 158)	AN	1	107	107	E – Employee is eligible for Savings Plan. N – Employee is not eligible for Savings Plan.	
17	CURRENT SAVINGS PLAN DEDUCTION TAKEN (138)	N	9	108	116	Format +99999.99	
18	YTD SAVINGS PLAN DEDUCTION TAKEN (138)	N	11	117	127	Format +9999999.99	
19	CURRENT SAVINGS PLAN EMPLOYER MATCH (138)	N	9	128	136	Format +99999.99	
20	YTD SAVINGS PLAN EMPLOYER MATCH (138)	N	11	137	147	Format +9999999.99.	
21	SAVINGS PLAN DEDUCTION PERCENT (138)	N	7	148	154	Format +99.999.	

## Attachment C (E41E Employee Activity File)

DATA ELEMENT DEFINITION				COUNTY OF LOS ANGELES AUDITOR-CONTROLLER, SYSTEMS DIVISION			
SYSTEM NAME CWMPAY	SYSTEM/PROGRAM ID	PROGRAM NAME GREAT WEST CURRENT ACTIVITY FILE	NEW <input checked="" type="checkbox"/>	REVISED <input type="checkbox"/>	CHANGE NUMBER:	DATE DOCUMENTED 1/27/06	ANALYST Girle Guevarra
FILE NAME/DATA SET NAME SYSAC.ACCPE41E		RECORD NAME CONTRACTOR EMPLOYEE ACTIVITY FILE	PROGRAM ID ACCPE41				
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION	
22	HORIZONS PLAN ELIGIBILITY FLAG (136 or 137)	AN	1	155	155	E – Employee is eligible for Horizons Plan. N – Employee is not eligible for Horizons Plan.	
23	CURRENT HORIZONS PLAN DEDUCTION TAKEN (137)	N	9	156	164	Format +99999.99	
24	YTD HORIZONS PLAN DEDUCTION TAKEN (137)	N	11	165	175	Format +999999.99.	
25	CURRENT ACCELERATED HORIZONS PLAN DEDUCTION TAKEN (136)	N	9	176	184	Format +99999.99.	
26	YTD ACCELERATED HORIZONS PLAN DEDUCTION TAKEN (136)	N	11	185	195	Format +999999.99.	
27	CURRENT HORIZONS PLAN EMPLOYER MATCH (137)	N	9	196	204	Format+99999.99.	
28	YTD HORIZONS PLAN EMPLOYER MATCH (137)	N	11	205	215	Format +999999.99.	
29	CURRENT ACCELERATED HORIZONS PLAN EMPLOYER MATCH (136)	N	9	216	224	Format +99999.99.	
30	YTD ACCELERATED HORIZONS PLAN EMPLOYER MATCH (136)	N	11	225	235	Format +999999.99.	
31	HORIZONS PLAN DEDUCTION PERCENT (137)	N	7	236	242	Format +99.999.	
32	DEFERRED EARNINGS PLAN ELIGIBILITY FLAG (141)	AN	1	243	243	E – Employee is eligible for Deferred Earnings Plan. N – Employee is not eligible for Deferred Earnings Plan.	



## Attachment C (E41E Employee Activity File)

DATA ELEMENT DEFINITION						COUNTY OF LOS ANGELES AUDITOR-CONTROLLER, SYSTEMS DIVISION			
SYSTEM NAME CWPAY		SYSTEM/PROGRAM ID		PROGRAM NAME GREAT WEST CURRENT ACTIVITY FILE		NEW <input checked="" type="checkbox"/> REVISED <input type="checkbox"/>		CHANGE NUMBER: 1/27/06	
FILE NAME/DATA SET NAME SYSAC.ACCPE41E				RECORD NAME CONTRACTOR EMPLOYEE ACTIVITY FILE		PROGRAM ID ACCPE41		DATE DOCUMENTED 1/27/06	
				MEDIA TYPE FILE				ANALYST Girle Guevarra	
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION			
33	CURRENT DEFERRED EARNINGS PLAN DEDUCTION TAKEN (141)	N	9	244	252	Format+99999.99.			
34	YTD DEFERRED EARNINGS PLAN DEDUCTION TAKEN (141)	N	11	253	263	Format +9999999.99.			
35	CURRENT DEFERRED EARNINGS PLAN EMPLOYER MATCH (141)	N	9	264	272	Format +99999.99.			
36	YTD DEFERRED EARNINGS PLAN EMPLOYER MATCH (141)	N	11	273	283	Format +9999999.99.			
37	DEFERRED EARNINGS PLAN DEDUCTION PERCENT (141)	N	7	284	290	Format +99.999.			
38	CURRENT SAVINGS LOAN PLAN DEDUCTION TAKEN (139)	N	9	291	299	Format +99999.99.			
39	CURRENT DEFERRED EARNINGS LOAN PLAN DEDUCTION TAKEN (145)	N	9	300	308	Format +99999.99.			
40	CURRENT HORIZONS LOAN PLAN DEDUCTION TAKEN (151)	N	9	309	317	Format +99999.99.			
41	401K LIMIT INDICATOR	AN	1	318	318	Y – Subject to annual limit. N – Not subject to annual limit.			
42	CURRENT AFTER TAX SAVINGS PLAN DEDUCTION TAKEN (158)	N	9	319	327	Format +99999.99.			
43	YTD AFTER TAX SAVINGS PLAN DEDUCTION TAKEN (158)	N	11	328	338	Format +9999999.99.			
44	AFTER TAX SAVINGS PLAN DEDUCTION PERCENT (158)	N	7	339	345	Format +99.999.			



## Attachment C (E41E Employee Activity File)

DATA ELEMENT DEFINITION		COUNTY OF LOS ANGELES		AUDITOR-CONTROLLER, SYSTEMS DIVISION		CHANGE NUMBER:
		NEW <input checked="" type="checkbox"/>	REVISED <input type="checkbox"/>			
SYSTEM NAME CW/PAY	SYSTEM/PROGRAM ID	PROGRAM NAME GREAT WEST CURRENT ACTIVITY FILE	PROGRAM ID ACCPE41		DATE DOCUMENTED 1/27/06	
FILE NAME/DATA SET NAME SYSAC.ACCPE41E		RECORD NAME CONTRACTOR EMPLOYEE ACTIVITY FILE		MEDIA TYPE FILE	ANALYST Girle Guevarra	
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION
45	FILLER	AN	5	346	350	Format X(33).

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JUN 17, 2008

## Attachment D (B97A Adjustment File)

DATA ELEMENT DEFINITION				COUNTY OF LOS ANGELES AUDITOR-CONTROLLER, SYSTEMS DIVISION			
SYSTEM NAME Countywide Payroll System		SYSTEM/PROGRAM ID CWPAY	PROGRAM NAME Produce Supplemental/Cancellation Ded Report	NEW <input type="checkbox"/>	REVISED <input checked="" type="checkbox"/>	CHANGE NUMBER:	DATE DOCUMENTED 9/10/07
FILE NAME/DATA SET NAME SYSAC.ACCPB97A		RECORD NAME Deferred Plan Supplemental/Cancellation Adjustment File		PROGRAM ID ACCPB97		MEDIA TYPE Disk	ANALYST Joyce Mok
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION	
1	Employee Number	AN	6	1	6		
2	Employee Name	AN	27	7	33	Format: Last Name, First Name and Middle Initial	
3	Record Type	AN	1	34	34	A - Supplemental B - Cancellation E - Overpayment Adjustment	
4	Department Number	AN	3	35	37		
5	Accrual Date	N	6	38	43	Format: YMMDD.	
6	Warrant Issue Date	N	6	44	49	Format: YMMDD	
7	Warrant Number	N	7	50	56		
8	Deduction Code	AN	3	57	59	136 - Accelerated Horizons Plan 137 - Horizons Plan 138 - Savings Plan 139 - Savings Loan Plan 145 - Deferred Earnings Loan Plan 151 - Horizons Loan Plan 158 - After Tax Savings Plan	
9	Current Deduction Taken	N	5	60	64	Format: +99999.99	

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JUN 17, 2008

## Attachment D (B97A Adjustment File)

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## DATA ELEMENT DEFINITION

DATA ELEMENT DEFINITION				COUNTY OF LOS ANGELES		AUDITOR-CONTROLLER, SYSTEMS DIVISION	
SYSTEM NAME Countywide Payroll System		SYSTEM/PROGRAM ID CWPAY	PROGRAM NAME Produce Supplemental/Cancellation Ded Report	PROGRAM ID ACCPB97	NEW <input type="checkbox"/> REVISED <input checked="" type="checkbox"/>	CHANGE NUMBER:	
FILE NAME/DATA SET NAME SYSAC.ACCPB97A		RECORD NAME Deferred Plan Supplemental/Cancellation Adjustment File		MEDIA TYPE Disk	DATE DOCUMENTED 9/10/07		
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION	
10	Subsidy Amount	N	5	65	69	This is the subsidy amount that was provided to the employee. Format: +99999.99	
11	Subsidy Code	AN	1	70	70	Identifies type of subsidy. 0 = NO SUBSIDY 1 = SUBSIDIZED 2 = INELIGIBLE FOR SUBSIDY 3 = DID NOT WORK 8 HOURS 4 = EMPLOYEE NON-DEDUCT 6 = EMPLOYEE NON-DEDUCT (FLEX) 9 = NOT SUBSIDIZED T = THRIFT OR SAVINGS ELIGIBILITY F = CAFÉ PLAN (FLEX) C = CAFÉ PLAN (CHOICES) L = CAFÉ PLAN (OPTIONS)	
12	Social Security Number	N	9	71	79		
13	Filler	AN	1	80	80	Spaces.	

JUN 17, 2008



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## DATA ELEMENT DEFINITION

COUNTY OF LOS ANGELES

## AUDITOR-CONTROLLER, SYSTEMS DIVISION

SYSTEM NAME CWPAY		SYSTEM/PROGRAM ID	PROGRAM NAME MASTER FILE POST PAYROLL REPORTS	NEW <input checked="" type="checkbox"/>	REVISED <input type="checkbox"/>	CHANGE NUMBER:
FILE NAME/DATA SET NAME SYSAC.ACCEP10D			PROGRAM ID E10			DATE DOCUMENTED 09/10/07
DATA ELEMENT		TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION
1	EMPLOYEE NUMBER	AN	6	1	6	
2	SOCIAL SECURITY NO.	N	9	7	15	
3	EMPLOYEE NAME	AN	27	16	42	
4	STREET ADDRESS	AN	40	43	82	
5	CITY	AN	25	83	107	
6	STATE	AN	2	108	109	
7	ZIP 5	AN	5	110	114	
8	ZIP 4	AN	4	115	118	
9	DEPT	AN	3	119	121	
10	ITEM NO.	AN	5	122	126	
11	ITEM SUB	AN	1	127	127	
12	PAY LOCATION	AN	4	128	131	

RECORD NAME

PENSION SAVINGS EMPLOYEE  
INFO (DEMOGRAPHIC FILE)ANALYST  
Joyce Mok

JUN 17, 2008

## Attachment E (E10D Pension Savings Demographic File)

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DATA ELEMENT DEFINITION				COUNTY OF LOS ANGELES AUDITOR-CONTROLLER, SYSTEMS DIVISION		
SYSTEM NAME CW/PAY	SYSTEM/PROGRAM ID	PROGRAM NAME MASTER FILE POST PAYROLL REPORTS	NEW <input checked="" type="checkbox"/> REVISED <input type="checkbox"/>	PROGRAM ID E10	CHANGE NUMBER:	DATE DOCUMENTED 09/10/07
FILE NAME/DATA SET NAME SYSAC.ACCPE10D			RECORD NAME PENSION SAVINGS EMPLOYEE INFO (DEMOGRAPHIC FILE)	MEDIA TYPE	ANALYST Joyce Mok	
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION
13	TERM REASON	AN	2	132	133	<p>Termination Reasons:</p> <p>20 – Term-Non-County Employment; 21 – Term-To remain at Home; 22 – Term-Moved; 23 – Term-Personal Reason; 24 – Term-Health; 25 – Term-Working Conditions; 26 – Term-Salary; 27 – Term-Returned to School; 28 – Term-Maternity; 29 – Term-In Lieu of Discharge; 30 – Term-Released Temporary; 31 – Term-Retirement; 32 – Term-Deceased; 33 – Term-Discharged; 34 – Term-Failed Medical Exam; 35 – Term-Recurrent Release; 36 – Term-Layoff; 39 – Term-Other;</p> <p>This field is blank if employee is Active or if employee is rehired.</p>
14	TERMINATION DATE	N	8	134	141	<p>If employee is no longer in County service, the employee's first date not in service will be populated here.</p> <p>For those retired employees that have returned to County service as a 'Rehired-Retiree', the employee's termination date from original County service will be populated here.</p> <p>Format: CCYYMMDD</p>

JUN 17, 2008

## Attachment F (D80B Pension Savings Employee Activity File)

DATA ELEMENT DEFINITION				COUNTY OF LOS ANGELES AUDITOR-CONTROLLER, SYSTEMS DIVISION			
SYSTEM NAME CW/PAY	SYSTEM/PROGRAM ID	PROGRAM NAME MISC POST PAYROLL REPORTS	NEW <input checked="" type="checkbox"/>	REVISED <input type="checkbox"/>	CHANGE NUMBER:	DATE DOCUMENTED 09/10/07	
FILE NAME/DATA SET NAME SYSAC.ACCPD80B			RECORD NAME PENSION SAVINGS EMPLOYEE ACTIVITY FILE		MEDIA TYPE	ANALYST Joyce Mok	
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION	
1	EMPLOYEE NUMBER.	N	6	1	6		
2	EMPLOYEE NAME	AN	27	7	33		
3	DEPT NUMBER	N	3	34	36		
4	DED CODE	N	3	37	39	'188' – Pension Savings Deduction Code	
5	CURRENT DEDUCTION TAKEN	N	7	40	46	FORMAT 9(5)v99	
6	SUBSIDY AMOUNT	N	7	47	53	This is the subsidy amount that was provided to the employee. FORMAT 9(5)v99	
7	SUBSIDY ELIGIBILITY CODE	AN	1	54	54	Identifies type of subsidy. 0 = NO SUBSIDY 1 = SUBSIDIZED 2 = INELIGIBLE FOR SUBSIDY 3 = DID NOT WORK 8 HOURS 4 = EMPLOYEE NON-DEDUCT 6 = EMPLOYEE NON-DEDUCT (FLEX) 9 = NOT SUBSIDIZED T = THRIFT OR SAVINGS ELIGIBILITY F = CAFÉ PLAN (FLEX) C = CAFÉ PLAN (CHOICES) L = CAFÉ PLAN (OPTIONS)	



## Attachment F (D80B Pension Savings Employee Activity File)

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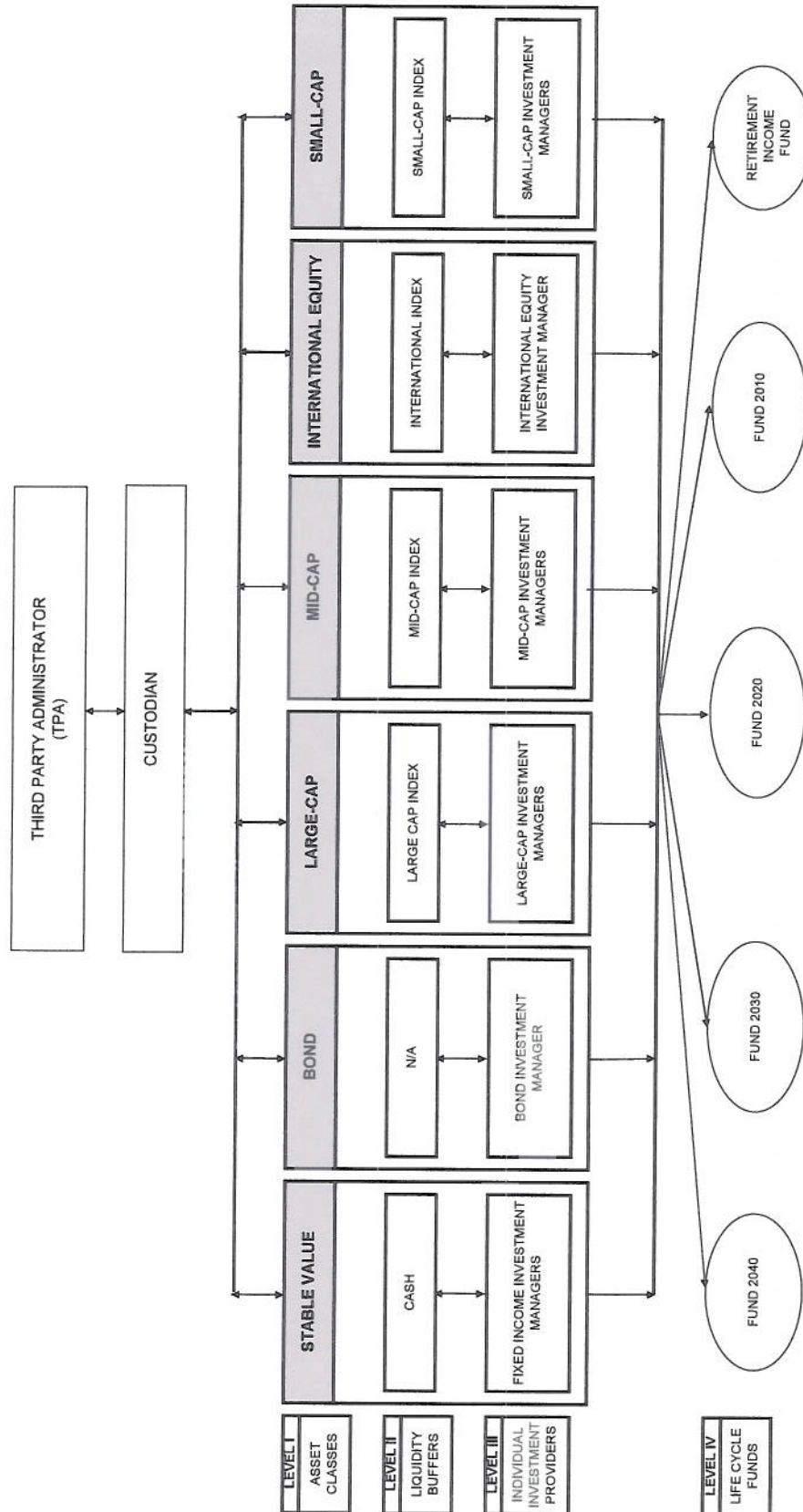
## DATA ELEMENT DEFINITION

DATA ELEMENT DEFINITION				COUNTY OF LOS ANGELES AUDITOR-CONTROLLER, SYSTEMS DIVISION			
SYSTEM NAME CW/PAY	SYSTEM/PROGRAM ID	PROGRAM NAME MISC POST PAYROLL REPORTS	NEW <input checked="" type="checkbox"/>	REVISED <input type="checkbox"/>	PROGRAM ID D80	CHANGE NUMBER:	DATE DOCUMENTED 09/10/07
FILE NAME/DATA SET NAME SYSAC.ACCPD80B			RECORD NAME PENSION SAVINGS EMPLOYEE ACTIVITY FILE		MEDIA TYPE	ANALYST Joyce Mok	
NO.	DATA ELEMENT	TYPE	LENGTH	FROM	TO	SOURCE/DESCRIPTION	
8	SSN	N	9	55	63		
9	RECORD TYPE	AN	1	64	64	A - Supplemental B - Cancellation E - Overpayment Adjustment	
10	FILLER	AN	16	65	80	SPACES	

JUN 17, 2008

**MODEL INVESTMENT STRUCTURE**

# COUNTY OF LOS ANGELES INVESTMENT STRUCTURE





**ANNUAL AUDIT & AGREED UPON PROCEDURES**

Contractor shall fully cooperate in the annual Defined Contribution Program audit. The annual audit will be performed by an independent public accounting firm, and will be separately contracted for and funded by the County by charging Plan participants. A separate audit is required for each of the Plans. The audits will be conducted in accordance with generally accepted auditing standards (GAAS) and will be performed on a fiscal year basis with a fiscal year ending June 30 of each year.

In addition, the annual audit will include certain agreed upon test procedures; wherein, the independent auditor shall:

1. Reconcile between the Trustee's Plan asset records and the third party administrator's participant records and Administrative Account records.
2. Confirm with the investment providers, assets held in trust under the supervision of the Trustee or other party.
3. Reconcile revenue received by the Trustee or other party (contributions, interest, dividends, reallowances, loan payments, etc.) with the specified revenue of the various investment options and test to ensure that revenue is properly allocated to the participant accounts.
4. Test Administrative Account activity including third party administrator fees, County charges, investment provider and associated fees, and other charges to the Plan assets, to determine compliance with Plan provisions and contractual agreements.
5. Test the charges to participant accounts to determine compliance with Plan provisions and contractual agreements and to ensure that amounts are deposited to the appropriate Administrative Account.
6. Test withdrawals from the Plan (distributions, loans, rollovers, hardships, etc.), to determine compliance with the Trustee agreement and Plan provisions.
7. Test propriety of unallocated amounts held in suspense by the Trustee or other party and disposition of corresponding interest in compliance with Plan provisions and Trustee agreements.
8. Test actual investments made by Trustee or other party to determine whether they coincide with actual employee selections and are accurately reflected on the quarterly participant statements.
9. Test compliance of actual employer (County) contributions and employee contributions with Plan provisions. Test the controls over participant's eligibility for the Plan.
10. Test vesting calculation for employer contributions for compliance with Plan provisions (employment termination, retirement, age 70, death, or disability, etc.).

11. Test the calculation and disposition of forfeited employer contributions to determine compliance with Plan provisions.
12. Test the compliance with the Stale Dated Check and Lost participant provisions of the Plan and test the propriety of amounts held in the corresponding Administrative Accounts.
13. Review the TPA's procedures for reconciliation of County bank accounts and participant ledgers and reporting of reconciling items and gains and losses as set forth in the TPA agreement.
14. Test annual limitations on employee contributions, employer (County) contributions, and catch up contributions to determine compliance with Plan provisions and applicable tax law.
15. Test in-service distributions and plan to plan transfers to determine compliance with Plan provisions and applicable tax law.



**COUNTY OF LOS ANGELES DEFINED CONTRIBUTION PROGRAM****Summary of County Administrative Correction Protocols**

The County administrative protocols for Horizons and the Savings Plan are modeled on Internal Revenue Service ("IRS") guidance addressing employer corrective contributions when an employee is erroneously excluded from participating in a 401(k) plan. The IRS guidance provides that the employer must make a corrective deferral contribution for the period in which the employee was excluded from participating in the plan ("Error Period")<sup>1</sup> in an amount equal to 50% of the employee's missed deferral for such period. The employee's missed deferral is determined by multiplying (i) the percentage of the participant's compensation that would be matched at a rate of 100% if deferred under the plan by (ii) the employee's compensation for the Error Period. The IRS guidance further provides that the employer must make a corrective matching contribution for the Error Period in an amount equal to 100% of the employee's missed deferral. The corrective contributions must be adjusted to reflect lost earnings during the Error Period. See IRS Revenue Ruling 2006-27, Appendix B, 2.02.

Pursuant to the terms of Horizons and the Savings Plan, the County matches 100% of an employee's first 4% of compensation deferred under the applicable plan. Applying the IRS guidance to the County plans, if an employee is precluded from participating in either plan, the employee's missed deferral for the Error Period is 4% of his or her compensation for such period. The employee therefore would be entitled to receive a corrective deferral contribution in an amount equal to 2% of his or her compensation for the Error Period (50% of the employee's missed deferral) and a corrective matching contribution for the Error Period in an amount equal to 4% of his or her compensation for the Error Period (100% of the employee's missed deferral). These contributions must be adjusted to reflect lost earnings. The corrective contributions are subject to the applicable plan limits for each plan year for which a corrective contribution is made.

Considering the wide variety of participant cases that are routinely encountered, the protocols outlined here will be used as a guide in determining the appropriate course of action to resolve each unique case.

The following paragraphs briefly summarize the current administrative protocols that are modeled on the IRS guidance outlined above.

**Eligibility Errors**

The eligibility error protocol addresses plan corrections when a County employee is erroneously precluded from participating in Horizons or the Savings Plan. The protocol requires the department or entity responsible for the error to make (i) a corrective deferral contribution to the applicable plan for each month of the Error Period in an amount equal to 2% of the employee's compensation for such month and (ii) a corrective matching contribution to the applicable plan for each month of the Error

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<sup>1</sup> This summary uses the term "Error Period" to refer to any period for which a corrective contribution will be made on behalf of a plan participant.



Period in an amount equal to 4% of the employee's compensation for such month. The contributions are adjusted to reflect lost earnings. To receive a corrective contribution, the employee must notify human resources or the TPA within 90 days of the first paycheck on which the employee's initial deferral election should have taken effect.

#### Transaction Errors

The transaction error protocol addresses plan corrections when a participant's election to change the amount of his or her deferral election under Horizons or the Savings Plan is not implemented correctly. The protocol requires the department or entity responsible for the error to make a corrective deferral contribution for each month of the Error Period in an amount equal to the positive difference (if any) between 2% of the participant's compensation for such month and the amount the participant actually deferred for such month. The department or entity responsible for the error must also make a corrective matching contribution for each month of the Error Period in an amount equal to the positive difference (if any) between 4% of the participant's compensation for such month and the matching contribution amount the participant received for such month. The contributions are adjusted to reflect lost earnings. To receive a corrective contribution, the participant must notify human resources or the TPA within 90 days of the first paycheck on which the participant's change in deferral election should have taken effect.

In some instances this protocol will provide a participant with a corrective contribution in excess of the amount the participant would have received absent the error. For example, if a participant elects to increase his or her deferral election from 1% of compensation to 2% of compensation and the election is not implemented, the participant is entitled to receive (i) a corrective deferral contribution in an amount equal to 1% of compensation for each month of the Error Period (2% of compensation less the amount actually deferred) and (ii) a corrective matching contribution in an amount equal to 3% of compensation for each month of the Error Period (4% of compensation less the matching contribution made on the participant's behalf). If no error had occurred, the participant would have received only a 2% matching contribution.

In contrast, a participant who already defers at least 4% of compensation during the Error Period (and who receives a full 4% matching contribution) will receive no corrective contributions for the Error Period. For example, a participant who elects to increase his or her deferral election from 6% of compensation to 10% of compensation would not be entitled to a corrective contribution for the Error Period if the requested change was not implemented correctly.

Although some participants may receive a small windfall under the protocol while others may receive no correction despite an error, the protocol is consistent with the County protocol addressing eligibility errors. Consistency between the two protocols provides at least two advantages: (i) it will be easier to administer the protocols as they provide for consistent corrections and (ii) participants will be treated similarly regardless of what type of error occurs with respect to their account. In essence, every participant who experiences an error that is addressed in one of the protocols will be entitled to a

minimum deferral of 2% of compensation and a minimum match of 4% of compensation for the Error Period, regardless of whether the error is an eligibility or transaction error.

#### Settlement Awards

The settlement award protocol, which is set forth in the plan documents for Horizons and the Savings Plan, addresses plan corrections when a settlement award requires the County to make an employee whole for a period in which the employee experienced an adverse employment action (e.g., termination or demotion). For plan years prior to the plan year in which the employee is reinstated to his or her position, the County will make a corrective deferral contribution for each month of the Error Period that falls in a prior plan year in an amount equal to the positive difference (if any) between 2% of the employee's compensation for such month and the amount the employee actually deferred for such month (if any). The County must also make a corrective matching contribution for each month of the Error Period that falls in a prior plan year in an amount equal to the positive difference (if any) between 4% of the employee's compensation for such month and the matching contribution amount made on the employee's behalf for such month (if any). The contributions are adjusted to reflect lost earnings.

For the current plan year, the settlement award will be treated as compensation for purposes of the applicable plan and the County will apply the employee's existing deferral election to defer a portion of the settlement award for each month of the Error Period that falls in the current plan year. The County will match the deferrals in an amount up to 4% of the employee's compensation for each such month. If an employee's department fails to provide the County with advance notice of a settlement award so that the County can process the employee's elective deferrals prior to the employee's receipt of the award, the department must make all applicable plan contributions that the employee is entitled to receive for the current plan year.



**PARTICIPANT ACCOUNT CORRECTION PROTOCOLS****A) Administrative Protocol for Failure to Process Deferral Election Change**

This administrative protocol addresses the appropriate correction when a participant's election to change the amount of his or her deferral election under Horizons or the Savings Plan (401(k) plan) is not implemented correctly. For purposes of this protocol, a participant's "compensation" refers to such participant's compensation as defined in Horizons or the Savings Plan, as applicable.

**Administrative Correction**

A participant shall be responsible for notifying either the County or the TPA if the participant's election to change the amount of his or her deferral election is not implemented correctly. Notice of a deferral error must be given in writing to DHR or the TPA within 90 days following the first payroll date upon which the change in deferral election should have taken effect. In the normal course, changes in deferral elections under Horizons and the Savings Plan should begin with a participant's mid-month paycheck received in the second month following the month in which the participant submits his or her new deferral election. Upon receiving timely notice of a deferral error from the participant, the TPA will confirm the validity of the claim.

If (i) DHR or the TPA receives a participant's claim within 90 days following the first payroll date upon which the change in deferral election should have taken effect, (ii) the TPA determines that the claim is valid and (iii) the participant defers less than 2% of his or her compensation for each month of the portion of the plan year(s) during which the error occurred ("Error Period") and/or the participant receives a matching contribution for each month of the Error Period in an amount less than 4% of the participant's compensation for such month, the entity or department responsible for the error will make corrective contributions, including lost earnings, to the applicable plan on behalf of the participant, subject to the procedures set forth in this protocol.

If a participant satisfies the requirements to receive corrective contributions with respect to the Error Period, for each calendar month of the Error Period the entity or department responsible for the error will make a corrective deferral contribution on behalf of the participant in an amount equal to the positive difference (if any) between (i) 2% of the participant's compensation for such month, less (ii) the amount the participant deferred under the applicable plan for such month. The entity or department responsible for the error will also make a corrective matching contribution on behalf of the participant for each calendar month of the Error Period in an amount equal to the positive difference (if any) between (i) 4% of the participant's compensation for such month, less (ii) the matching contribution amount made on the participant's behalf under the applicable plan for such month. The corrective contributions shall be subject to



the applicable plan limits for each plan year with respect to which the entity or department makes corrective contributions.

The following examples demonstrate application of the protocol as applied to two sets of hypothetical facts.

A. On September 1, 2007, a Savings Plan participant requests an increase in his elective deferral contributions from 1% of compensation to 3% of compensation to commence effective as of November 15, 2007, and the TPA fails to implement the participant's requested change. The participant notices the error on December 20, 2007 and notifies the TPA on December 25, 2007. The TPA processes the participant's requested change to become effective as of the participant's February 15, 2008 paycheck.

Because the TPA is responsible for the transaction error, the TPA must make corrective contributions for the entire Error Period (November and December 2007, January 2008). Once the employee's election becomes effective on February 15, 2008, the County will match the employee's future elective deferrals pursuant to the terms of the Savings Plan.

The TPA will make corrective deferral contributions to the Savings Plan in an amount equal to 1% of the participant's compensation for each month of the Error Period (the difference between 2% of the participant's compensation for each month of the Error Period and the amount the participant deferred for each such month). The portion of the corrective deferral contributions allocable to the prior plan year (December 2007) is subject to the 2007 plan deferral limits and the portion of the corrective deferral contributions allocable to the current plan year (January and February 2008) is subject to the 2008 plan deferral limits.

The TPA will also make corrective matching contributions to the Savings Plan in an amount equal to 3% of the participant's compensation for each month of the Error Period (the difference between 4% of the participant's compensation for each month of the Error Period and the matching contribution made on the participant's behalf for each such month). The portion of the corrective matching contributions allocable to the prior plan year (December 2007) is subject to the plan's 2007 matching contribution limits and the portion of the corrective matching contributions allocable to the current plan year (January and February 2008) is subject to the plan's 2008 matching contribution limits.

B. On July 1, 2008, a Horizons participant requests to increase her elective deferrals from 6% of compensation to 10% of compensation to commence effective as of September 15, 2008, and the participant's department fails to implement the participant's requested change. The participant notices the error on October 15, 2008 and notifies her department on October 20, 2008. Upon receiving notice of the error, the participant's department processes her requested change to commence effective as of December 15, 2008. Because the participant deferred more than 2% of her compensation for each month of the Error Period (September through November 2008) and the participant received a



4% matching contribution for each month of the Error Period, the participant is not entitled to receive any corrective contributions for the Error Period.

### **Lost Earnings**

All corrective contributions made pursuant to this protocol will be adjusted to reflect lost earnings on such amounts per industry standard practices.

## **B) Administrative Protocol for Eligibility Errors**

This administrative protocol addresses the appropriate correction when a County employee's initial election to defer a portion of his or her salary under Horizons or the Savings Plan (401(k) plan) is not implemented correctly. The protocol addresses both general errors in processing a deferral request and errors that result from an erroneous determination as to an employee's LACERA membership status. For purposes of this protocol, an employee's "compensation" refers to such employee's compensation as defined in Horizons or the Savings Plan, as applicable.

### **I. General Eligibility Errors (Horizons and Savings Plans)**

An employee shall be responsible for notifying either the County or the TPA if the employee's initial election to defer a portion of his or her salary is not implemented correctly. Notice of a deferral error must be given in writing to DHR or the TPA within 90 days following the first payroll date upon which the initial deferral election should have taken effect. In the normal course, deferrals under Horizons and the Savings Plan should begin with an employee's mid-month paycheck received in the second month following the month in which the employee makes his or her initial deferral request. Upon receiving timely notice of a deferral error from the employee, the TPA will confirm the validity of the claim.

If (i) DHR or the TPA receives an employee's claim within 90 days following the first payroll date upon which the initial deferral election should have taken effect and (ii) the TPA determines that the claim is valid, the entity or department responsible for the error will make corrective contributions, including lost earnings, to the applicable plan on behalf of the employee for the period in which the employee was precluded from participating in the plan ("Error Period"), subject to the procedures set forth in this protocol.

If an employee satisfies the requirements to receive corrective contributions with respect to the Error Period, for each calendar month of the Error Period the entity or department responsible for the error will make a corrective deferral contribution on behalf of the employee in an amount equal to 2% of the employee's compensation for such month and a corrective matching contribution on behalf of the employee in an amount equal to 4% of the employee's compensation for such month. The corrective contributions shall be subject to



the applicable plan limits for each plan year with respect to which the entity or department makes corrective contributions.

The following example demonstrates application of the protocol as applied to a hypothetical factual scenario.

On October 1, 2007, a new County employee elects to defer 10% of her compensation under Horizons, beginning effective as of December 15, 2007. Due to an administrative error, the employee's department fails to process the employee's election. The employee notices the error on January 15, 2008 and notifies her department on January 25, 2008. Beginning effective March 15, 2008, the employee begins deferring 10% of her compensation under Horizons.

Because the employee's department is responsible for the eligibility error, the department must make corrective contributions for the entire Error Period (December 2007, January and February 2008). The department's corrective contributions will be in an amount equal to 6% of the employee's compensation for each calendar month of the Error Period. This contribution rate represents 2% of the employee's compensation to correct missed deferrals and 4% of the employee's compensation to correct missed matching contributions.

The portion of the corrective contributions allocable to the prior plan year (December 2007) is subject to the 2007 plan limits and the portion of the corrective contributions allocable to the current plan year (January and February 2008) is subject to the 2008 plan limits. Once the employee commences participation in the plan on March 15, 2008, the County will match the employee's future elective deferrals pursuant to the terms of Horizons.

## **II. Administrative Correction for LACERA Eligibility Errors (Horizons Plan)**

If an employee is precluded from commencing participation in Horizons because of an erroneous determination as to the employee's membership status with LACERA or an erroneous determination that the employee is not making contributions to LACERA (even though the employee is making such contributions), the County will make corrective contributions to Horizons for the entire period during which the employee was erroneously precluded from participating in the plan ("LACERA Error Period"). If the County or LACERA notifies an employee of the eligibility error, the LACERA Error Period will end in the month following the month in which the County or LACERA notifies the employee of the error.

If an employee is eligible to receive corrective contributions with respect to a LACERA Error Period, for each month of the LACERA Error Period the County will make a corrective deferral contribution on behalf of the employee in an amount equal to 2% of the employee's compensation for such month and a corrective matching contribution on behalf of the employee in an amount equal to



4% of the employee's compensation for such month. The County's corrective contributions will be subject to the applicable plan limits for each plan year with respect to which such corrective contributions are made.

The following example demonstrates application of the protocol as applied to a hypothetical factual scenario.

On March 20, 2008, a new County employee elects to commence participation in Horizons, beginning effective as of May 15, 2008. Due to an administrative error, the TPA's records reflect that the employee is not a member of Horizons, notwithstanding the fact that the employee commenced mandatory contributions to LACERA. The County notifies the employee of the error on February 2, 2009. In May 2009, the employee submits a new election to commence participation in Horizons, beginning effective as of July 15, 2009.

Because the County notified the employee of the error in February 2009, the LACERA Error Period runs from May 2008 through March 2009 (the month after the month in which the County notified the employee of the error). Pursuant to the protocol, the County will make corrective contributions to Horizons on behalf of the employee in an amount equal to 6% of the employee's compensation for each calendar month of the LACERA Error Period. This contribution rate represents 2% of the employee's compensation to correct missed deferrals and 4% of the employee's compensation to correct missed matching contributions.

The portion of the corrective contributions allocable to the prior plan year (May through December 2008) is subject to the 2008 plan limits and the portion of the corrective contributions allocable to the current plan year (January through March 2009) is subject to the 2009 plan limits. Once the employee commences participation in the plan on July 15, 2009, the County will match the employee's future elective deferrals pursuant to the terms of Horizons.

### III. Lost Earnings

All corrective contributions made pursuant to this protocol will be adjusted to reflect lost earnings on such amounts per industry standard practices.

**INVESTMENT POLICIES**  
**FOR THE**  
**DEFERRED COMPENSATION AND THRIFT PLAN (HORIZONS)**  
**SAVINGS PLAN & DEFERRED EARNINGS PLAN**

**COMMUNICATION MATERIALS & FORMS**



## EXHIBIT B: PRICING SCHEDULE

**EXHIBIT B: PRICING SCHEDULE****COUNTY OF LOS ANGELES DEFINED CONTRIBUTION PROGRAM****PRICING SCHEDULE FOR THE****DEFERRED COMPENSATION & THRIFT PLAN (HORIZONS)****ANNUAL TPA FEE PER ACCOUNT\***

<b>CORE SERVICES</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-2012</b>	<b>2012-2013</b>
Participant Services	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Administration	\$19.77	\$19.77	\$19.77	\$19.77	\$19.77
Recordkeeping & Financial Systems	\$9.43	\$9.43	\$9.43	\$9.43	\$9.43
<b>Total Core Services per Account</b>	<b>\$39.20</b>	<b>\$39.20</b>	<b>\$39.20</b>	<b>\$39.20</b>	<b>\$39.20</b>
<b>OTHER SERVICES (at the discretion of the County)</b>					
Communication Services	NA	NA	NA	NA	NA
Stable Fund Crediting Rate Services <sup>1</sup>	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04
Asset Class Daily Valuation Services <sup>2</sup>	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A
Lifecycle Daily Valuation Services <sup>3</sup>	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A
<b>Total Annual TPA Fee per Account</b>	<b>\$0.04</b>	<b>\$0.04</b>	<b>\$0.04</b>	<b>\$0.04</b>	<b>\$0.04</b>
<b>Equivalent Monthly TPA Fee per Account</b>	<b>\$39.24</b>	<b>\$39.24</b>	<b>\$39.24</b>	<b>\$39.24</b>	<b>\$39.24</b>
<b>TRANSACTION FEES</b>					
Loans (Quoted as per participant per loan)	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
Account Rollover Fee	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Annual Self-Directed Brokerage Fee	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00

<sup>1</sup> Total Plan cost not to exceed \$650 per quarter.

<sup>2</sup> Based on 11 Asset Class funds at a rate not to exceed \$10,000 per fund per year.

<sup>3</sup> Based on 6 Lifecycle funds at a rate not to exceed \$10,000 per fund per year.

## EXHIBIT B: PRICING SCHEDULE

\* Subject to the COLA provision contained within this Contract.



**EXHIBIT B: PRICING SCHEDULE****COUNTY OF LOS ANGELES DEFINED CONTRIBUTION PROGRAM****PRICING SCHEDULE FOR THE****SAVINGS PLAN****ANNUAL TPA FEE PER ACCOUNT\***

<b>CORE SERVICES</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-2012</b>	<b>2012-2013</b>
Participant Services	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Administration	\$22.87	\$22.87	\$22.87	\$22.87	\$22.87
Recordkeeping & Financial Systems	\$11.03	\$11.03	\$11.03	\$11.03	\$11.03
<b>Total Core Services per Account</b>	<b>\$43.90</b>	<b>\$43.90</b>	<b>\$43.90</b>	<b>\$43.90</b>	<b>\$43.90</b>

**OTHER SERVICES (at the discretion of the County)**

Communication Services <sup>4</sup>	\$5.57	\$5.57	\$5.57	\$5.57	\$5.57
Stable Fund Crediting Rate Services <sup>5</sup>	\$0.23	\$0.23	\$0.23	\$0.23	\$0.23
Asset Class Daily Valuation Services <sup>6</sup>	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A
Lifecycle Daily Valuation Services <sup>7</sup>	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A
<b>Total Annual TPA Fee per Account</b>	<b>\$5.80</b>	<b>\$5.80</b>	<b>\$5.80</b>	<b>\$5.80</b>	<b>\$5.80</b>

<b>Equivalent Monthly TPA Fee per Account</b>	<b>\$49.70</b>	<b>\$49.70</b>	<b>\$49.70</b>	<b>\$49.70</b>	<b>\$49.70</b>
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**TRANSACTION FEES**

Loans (Quoted as per participant per loan)	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
Rollover Account Fee	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Annual Self-Directed Brokerage Fee	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00

<sup>4</sup> Assumes new custom design; price per account annually would be \$4.41 if existing design were to be retained.

<sup>5</sup> Total Plan cost not to exceed \$650 per quarter.

<sup>6</sup> Based on 11 Asset Class funds not to exceed \$10,000 per fund per year.

<sup>7</sup> Based on 6 Lifecycle funds not to exceed \$10,000 per fund per year.

## EXHIBIT B: PRICING SCHEDULE

\* Subject to the COLA provision contained within this Contract.

**EXHIBIT B: PRICING SCHEDULE****COUNTY OF LOS ANGELES DEFINED CONTRIBUTION PROGRAM****PRICING SCHEDULE FOR THE****PENSION SAVINGS PLAN****ANNUAL TPA FEE PER ACCOUNT\***

<b>CORE SERVICES</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-2012</b>	<b>2012-2013</b>
Participant Services	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Administration	\$16.82	\$16.82	\$16.82	\$16.82	\$16.82
Recordkeeping & Financial Systems	\$5.18	\$5.18	\$5.18	\$5.18	\$5.18
<b>Total Core Services per Account</b>	<b>\$23.00</b>	<b>\$23.00</b>	<b>\$23.00</b>	<b>\$23.00</b>	<b>\$23.00</b>

**OTHER SERVICES (at the discretion of the County)**

Communication Services	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80
Stable Fund Crediting Rate Services	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
Asset Class Daily Valuation Services	\$N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Lifecycle Daily Valuation Services	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<b>Total Annual TPA Fee per Account</b>	<b>\$0.90</b>	<b>\$0.90</b>	<b>\$0.90</b>	<b>\$0.90</b>	<b>\$0.90</b>

<b>Equivalent Monthly TPA Fee per Account</b>	<b>\$23.90</b>	<b>\$23.90</b>	<b>\$23.90</b>	<b>\$23.90</b>	<b>\$23.90</b>
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**TRANSACTION FEES**

Loans <sup>8</sup> (Quoted as per participant per loan)	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A
Annual Self-Directed Brokerage Fee	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A

\* Subject to the COLA provision contained within this Contract.

<sup>8</sup> Loans are typically not available in this type of plan.



**EXHIBIT B: PRICING SCHEDULE****COUNTY OF LOS ANGELES DEFINED CONTRIBUTION PROGRAM****PRICING SCHEDULE FOR THE****TERMINATION PAY PLAN****ANNUAL TPA FEE PER ACCOUNT\***

<b>CORE SERVICES</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-2012</b>	<b>2012-2013</b>
Participant Services	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Administration	\$21.91	\$21.91	\$21.91	\$21.91	\$21.91
Recordkeeping & Financial Systems	\$11.09	\$11.09	\$11.09	\$11.09	\$11.09
<b>Total Core Services per Account<sup>9</sup></b>	<b>\$34.00</b>	<b>\$34.00</b>	<b>\$34.00</b>	<b>\$34.00</b>	<b>\$34.00</b>
<b>OTHER SERVICES (at the discretion of the County)</b>					
Communication Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Stable Fund Crediting Rate Services	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Asset Class Daily Valuation Services	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Lifecycle Daily Valuation Services	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<b>Total Annual TPA Fee per Account</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Equivalent Monthly TPA Fee per Account</b>	<b>\$34.00</b>	<b>\$34.00</b>	<b>\$34.00</b>	<b>\$34.00</b>	<b>\$34.00</b>
<b>TRANSACTION FEES</b>					
Loans (Quoted as per participant per loan)	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A

\* Subject to the COLA provision contained within this Contract.

<sup>9</sup> Contains a \$65.00 early withdrawal processing fee if assets are distributed within three years of deposit.

**EXHIBIT C:  
CONTRACTOR'S PROPOSED  
SCHEDULE**

(NOT ATTACHED TO SAMPLE)

# **EXHIBIT D: CONTRACTOR'S EEO CERTIFICATION**



EXHIBIT D: CONTRACTOR'S EEO CERTIFICATION

**CONTRACTOR'S EEO CERTIFICATION**

Great-West Life & Annuity Insurance Company

Contractor Name

85815 East Orchard Road, 10T2, Greenwood Village, CO 80111

Address

84-0467907

Internal Revenue Service Employer Identification Number

GENERAL CERTIFICATION

In accordance with Section 4.32.010 of the Code of the County of Los Angeles, the contractor, supplier, or vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CONTRACTOR'S SPECIFIC CERTIFICATIONS

- |    |   |   |                             |
|----|---|---|-----------------------------|
| 1. | The Contractor has a written policy statement prohibiting discrimination in all phases of employment.   | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 2. | The Contractor periodically conducts a self analysis or utilization analysis of its work force.   | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 3. | The Contractor has a system for determining if its employment practices are discriminatory against protected groups.  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 4. | Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables. | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

Gregory E. Seller, Senior Vice President, Government Markets

Authorized Official's Printed Name and Title

  
Authorized Official's Signature

11.13.08  
Date

# EXHIBIT E: COUNTY'S ADMINISTRATION

**COUNTY'S ADMINISTRATION**

CONTRACT NO. 76808

**COUNTY PROJECT DIRECTOR:**

Name: William G. Lynes  
Title: Senior Manager  
Address: 500 West Temple Street, Room 526  
Los Angeles, CA 90012  
Telephone: (213) 974-2486  
Facsimile: (213)621-3172  
E-Mail Address: wlynes@ceo.lacounty.gov

**COUNTY PROJECT MANAGER:**

Name: David Turla  
Title: Special Services Assistant II, CEO  
Address: 500 West Temple Street, Room 526  
Los Angeles, CA 90012  
Telephone: (213) 893-2377  
Facsimile: (213) 621-3172  
E-Mail Address: dturla@ceo.lacounty.gov

**COUNTY CONTRACT PROJECT MONITOR:**

Name: Napoleon Valera  
Title: Senior Analyst, CEO  
Address: 500 West Temple Street, Room 526  
Los Angeles, CA 90012  
Telephone: (213) 893-2259  
Facsimile: (213) 621-3172  
E-Mail Address: nvalera@ceo.lacounty.gov



# EXHIBIT F: CONTRACTOR'S ADMINISTRATION

EXHIBIT F: CONTRACTOR'S ADMINISTRATION

**CONTRACTOR'S ADMINISTRATION**

CONTRACTOR'S NAME: Great West Life & Annuity Insurance Company

CONTRACT NO: 76808

CONTRACTOR'S PROJECT MANAGER:

Name: Rick Kramer

Title: Assistant Vice President

Address: 8515 East Orchard Road, 10T2  
Greenwood Village, CO 80111

Telephone: 303 737-3346

Facsimile: 303 373-3070

E-Mail Address: rick.kramer.gwl.com

CONTRACTOR'S AUTHORIZED OFFICIAL(S)

Name: Kent Morris

Title: Vice President

Address: 500 North Central, Suite 220  
Glendale, CA 91203

Telephone: 818 547-0515

Facsimile: 818 547-3315

E-Mail Address: kent.morris.gwl.com

Notices to Contractor shall be sent to the following:

Name: Gregory E. Seller

Title: Senior Vice President, Government Markets

Address: 8515 East Orchard Road, 10T2  
Greenwood Village, CO 80111

Telephone: 303 7374324

Facsimile: 303 737-3070

E-Mail Address: gregory.seller@gwl.com

**EXHIBIT G:  
FORMS REQUIRED AT THE TIME OF  
CONTRACT EXECUTION**



**CONTRACTOR ACKNOWLEDGEMENT, CONFIDENTIALITY, AND  
COPYRIGHT ASSIGNMENT AGREEMENT**

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

CONTRACTOR NAME: Great-West Life & Annuity Insurance Company Contract No.: **76808**

**GENERAL INFORMATION:**

The Contractor referenced above has entered into the above-referenced Contract with the County of Los Angeles to provide certain services to the County. The County requires the Contractor to sign this Contractor Acknowledgement, Confidentiality, and Copyright Assignment Agreement (the "Agreement").

**CONTRACTOR ACKNOWLEDGEMENT:**

Contractor understands and agrees that the Contractor employees, consultants, Outsourced Vendors and independent contractors (Contractor's Staff) that will provide work under the above-referenced Contract are Contractor's sole responsibility. Contractor understands and agrees that Contractor's Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor's Staff's performance of work under the above-referenced contract.

Contractor understands and agrees that Contractor's Staff are not employees of the County of Los Angeles for any purpose whatsoever and that Contractor's Staff do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of their performance of work under the above-referenced Contract. Contractor understands and agrees that Contractor's Staff will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles by virtue of their performance of work under the above referenced contract.

**CONFIDENTIALITY AGREEMENT:**

Contractor and Contractor's Staff may be involved with work pertaining to services provided by the County of Los Angeles and, if so, Contractor and Contractor's Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, Contractor and Contractor's Staff may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. Contractor and Contractor's Staff understand that if they are involved in County work, the County must ensure that Contractor and Contractor's Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Agreement as a condition of work to be provided by any and all Contractor's Staff for the County.

Except for disclosures permitted within the terms of the Agreement and as required by law, Contractor and Contractor's Staff hereby agree that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced Contract between Contractor and the County of Los Angeles. Contractor and Contractor's Staff agree to forward all requests for the release of any data or information received to County's Project Manager.

Contractor and Contractor's Staff agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, all design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other materials produced, created, or provided to Contractor and Contractor's Staff under the above-referenced Contract. Contractor and Contractor's Staff agree to protect these confidential materials against disclosure to anyone other than Contractor or County employees who have a need to know the information. Contractor and Contractor's Staff agree that if proprietary information supplied by other County vendors is provided to them during this employment, Contractor and Contractor's Staff shall keep such information confidential.

Contractor and Contractor's Staff agree to report within 24 hours any and all violations of this Agreement by Contractor and Contractor's Staff and/or by any other person of whom Contractor and Contractor's Staff become aware to the County Contract Manager.

EXHIBIT G1: CONTRACTOR ACKNOWLEDGEMENT, CONFIDENTIALITY, AND COPYRIGHT ASSIGNMENT AGREEMENT

(Page 2 of 2)

Contractor and Contractor's Staff acknowledge that violation of this Agreement may subject Contractor and Contractor's Staff to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

COPYRIGHT ASSIGNMENT AGREEMENT

Contractor and Contractor's Staff agree that all materials, documents, software programs and documentation, written designs, plans, diagrams, reports, software development tools and aids, diagnostic aids, computer processable media, source codes, object codes, conversion aids, training documentation and aids, and other information and/or tools of all types, developed or acquired by Contractor and Contractor's Staff in whole or in part pursuant to the above-referenced Contract, and all works based thereon, incorporated therein, or derived therefrom shall be the sole property of the County. In this connection, Contractor and Contractor's Staff hereby assign and transfer to the County in perpetuity for all purposes all right, title, and interest in and to all such items, including, but not limited to, all copyrights, patent rights, trade secret rights, and all renewals and extensions thereof. Whenever requested by the County, Contractor and Contractor's Staff agree to promptly execute and deliver to County all papers, instruments, and other documents requested by the County, and to promptly perform all other acts requested by the County to carry out the terms of this Agreement, including, but not limited to, executing an assignment and transfer of copyright in a form substantially similar to Exhibit G2, attached hereto and incorporated herein by reference.

The County shall have the right to register all copyrights in the name of the County of Los Angeles and shall have the right to assign, license, or otherwise transfer any and all of the County's right, title, and interest, including, but not limited to, copyrights, in and to the items described above.

Contractor and Contractor's Staff acknowledge that violation of this Agreement may subject them to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: \_\_\_\_\_

DATE: 11/13/08

PRINTED NAME: Gregory E. Sellar

POSITION: Senior Vice President, Government Markets




**CONTRACTOR'S ASSIGNMENT AND TRANSFER OF COPYRIGHT**

Grantor and Grantee have entered into County of Los Angeles Contract Number **76808** for Third Party Administrative Services dated \_\_\_\_\_, 2008, and as may be mutually amended or otherwise modified from time to time (the "Contract").

For good and valuable consideration, receipt of which is hereby acknowledged, the undersigned, Great-West Life & Annuity Insurance Company, a publicly traded company, ("Grantor") does hereby assign, grant, convey and transfer to the County of Los Angeles, California ("Grantee") and its successors and assigns throughout the world in perpetuity, all of Grantor's right, title and interest of every kind and nature in and to all materials, documents, software programs and documentation, written designs, plans, diagrams, reports, software development tools and aids, diagnostic aids, computer processable media, source codes, object codes, conversion aids, training documentation and aids, and other information and/or tools of all types (including, without limitation, those items listed on the above-referenced Contract, attached hereto and incorporated herein by reference) developed or acquired, in whole or in part, under the Contract described above, including, but not limited to, all right, title and interest in and to all copyrights and works protectable by copyright and all renewals and extensions thereof (collectively, the "Works"), and in and to all copyrights and right, title and interest of every kind or nature, without limitation, in and to all works based thereon, incorporated in, derived from, incorporating or relating to, the Works or from which the Works are derived.

Without limiting the generality of the foregoing, the aforesaid conveyance and assignment shall include, but is not limited to, all prior choses-in-action, at law, in equity and otherwise, the right to recover all damages and other sums, and the right to other relief allowed or awarded at law, in equity, by statute or otherwise.

  
\_\_\_\_\_  
Grantor's Signature

11.13.08.  
\_\_\_\_\_  
Date

Gregory E. Seller  
\_\_\_\_\_  
Grantor's Printed Name

Senior Vice President, Government Markets  
\_\_\_\_\_  
Grantor's Position/Title



# EXHIBIT H: JURY SERVICE ORDINANCE

**Title 2 ADMINISTRATION**  
**Chapter 2.203.010 through 2.203.090**  
**CONTRACTOR EMPLOYEE JURY SERVICE**

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**2.203.010 Findings.**

The Board of Supervisors makes the following findings. The county of Los Angeles allows its permanent, full-time employees unlimited jury service at their regular pay. Unfortunately, many businesses do not offer or are reducing or even eliminating compensation to employees who serve on juries. This creates a potential financial hardship for employees who do not receive their pay when called to jury service, and those employees often seek to be excused from having to serve. Although changes in the court rules make it more difficult to excuse a potential juror on grounds of financial hardship, potential jurors continue to be excused on this basis, especially from longer trials. This reduces the number of potential jurors and increases the burden on those employers, such as the county of Los Angeles, who pay their permanent, full-time employees while on juror duty. For these reasons, the county of Los Angeles has determined that it is appropriate to require that the businesses with which the county contracts possess reasonable jury service policies. (Ord. 2002-0015 § 1 (part), 2002)

**2.203.020 Definitions.**

The following definitions shall be applicable to this chapter:

- A. "Contractor" means a person, partnership, corporation or other entity which has a contract with the county or a subcontract with a county contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more such contracts or subcontracts.
- B. "Employee" means any California resident who is a full-time employee of a contractor under the laws of California.
- C. "Contract" means any agreement to provide goods to, or perform services for or on behalf of, the county but does not include:
  - 1. A contract where the board finds that special circumstances exist that justify a waiver of the requirements of this chapter; or
  - 2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor; or
  - 3. A purchase made through a state or federal contract; or
  - 4. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, or reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-3700 or a successor provision; or
  - 5. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.4.0 or a successor provision; or
  - 6. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-2810 or a successor provision; or

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**CONTRACTOR EMPLOYEE JURY SERVICE**

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- 7. A non-agreement purchase with a value of less than \$5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section A-0300 or a successor provision; or
  - 8. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section PP-1100 or a successor provision.
- D. "Full time" means 40 hours or more worked per week, or a lesser number of hours if:
- 1. The lesser number is a recognized industry standard as determined by the chief administrative officer, or
  - 2. The contractor has a long-standing practice that defines the lesser number of hours as full time.
- E. "County" means the county of Los Angeles or any public entities for which the board of supervisors is the governing body. (Ord. 2002-0040 § 1, 2002: Ord. 2002-0015 § 1 (part), 2002)

**2.203.030 Applicability.**

This chapter shall apply to contractors who enter into contracts that commence after July 11, 2002. This chapter shall also apply to contractors with existing contracts which are extended into option years that commence after July 11, 2002. Contracts that commence after May 28, 2002, but before July 11, 2002, shall be subject to the provisions of this chapter only if the solicitations for such contracts stated that the chapter would be applicable. (Ord. 2002-0040 § 2, 2002: Ord. 2002-0015 § 1 (part), 2002)

**2.203.040 Contractor Jury Service Policy.**

A contractor shall have and adhere to a written policy that provides that its employees shall receive from the contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the contractor or that the contractor deduct from the employees' regular pay the fees received for jury service. (Ord. 2002-0015 § 1 (part), 2002)

**2.203.050 Other Provisions.**

- A. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter and shall issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.
- B. Compliance Certification. At the time of seeking a contract, a contractor shall certify to the county that it has and adheres to a policy consistent with this chapter or will have and adhere to such a policy prior to award of the contract. (Ord. 2002-0015 § 1 (part), 2002)

**2.203.060 Enforcement and Remedies.**

For a contractor's violation of any provision of this chapter, the county department head responsible for administering the contract may do one or more of the following:



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1. Recommend to the board of supervisors the termination of the contract; and/or,
2. Pursuant to chapter 2.202, seek the debarment of the contractor. (Ord. 2002-0015 § 1 (part), 2002)

**2.203.070. Exceptions.**

- A. Other Laws. This chapter shall not be interpreted or applied to any contractor or to any employee in a manner inconsistent with the laws of the United States or California.
- B. Collective Bargaining Agreements. This chapter shall be superseded by a collective bargaining agreement that expressly so provides.
- C. Small Business. This chapter shall not be applied to any contractor that meets all of the following:
  1. Has ten or fewer employees during the contract period; and,
  2. Has annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, are less than \$500,000; and,
  3. Is not an affiliate or subsidiary of a business dominant in its field of operation.

"Dominant in its field of operation" means having more than ten employees and annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, exceed \$500,000.

"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation. (Ord. 2002-0015 § 1 (part), 2002)

**2.203.090. Severability.**

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. 2002-0015 § 1 (part), 2002)

# **EXHIBIT I: SAFELY SURRENDERED BABY LAW**

**SAFELY SURRENDERED BABY LAW**

Posters and Fact Sheets are available in English and Spanish for printing purposes at the following website:

[www.babysafela.org](http://www.babysafela.org)



# **No shame. No blame. No names.**

**Newborns can be safely given up  
at any Los Angeles County  
hospital emergency room or fire station.**



**In Los Angeles County:  
1-877-BABY SAFE  
1-877-222-9723  
[www.babysafela.org](http://www.babysafela.org)**



**State of California**  
Gray Davis, Governor

**Health and Human Services Agency**  
Grantland Johnson, Secretary

**Department of Social Services**  
Rita Saenz, Director



**Los Angeles County Board of Supervisors**  
Gloria Molina, Supervisor, First District  
Yvonne Brathwaite Burke, Supervisor, Second District  
Zev Yaroslavsky, Supervisor, Third District  
Don Knabe, Supervisor, Fourth District  
Michael D. Antonovich, Supervisor, Fifth District

This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.

## EXHIBIT I: SAFELY SURRENDERED BABY LAW

### What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

### How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

### What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

### Can only a parent bring in the baby?

In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

### Does the parent have to call before bringing in the baby?

No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

### Does a parent have to tell anything to the people taking the baby?

No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

### What happens to the baby?

The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

### What happens to the parent?

Once the parent(s) has safely turned over the baby, they are free to go.

### Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

### A baby's story

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

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Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.

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*It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.*



# **Sin pena. Sin culpa. Sin peligro.**

**Los recién nacidos pueden ser entregados  
en forma segura en la sala de emergencia de  
cualquier hospital o en un cuartel de bomberos  
del Condado de Los Angeles.**



**En el Condado de Los Angeles:  
1-877-BABY SAFE  
1-877-222-9723  
[www.babysafela.org](http://www.babysafela.org)**



**Estado de California**  
Gray Davis, Gobernador

**Agencia de Salud y Servicios Humanos**  
(Health and Human Services Agency)  
Grantland Johnson, Secretario

**Departamento de Servicios Sociales**  
(Department of Social Services)  
Rita Saenz, Directora



**Consejo de Supervisores del Condado de Los Angeles**

Gloria Molina, Supervisora, Primer Distrito

Yvonne Brathwaite Burke, Supervisora, Segundo Distrito

Zev Yaroslavsky, Supervisor, Tercer Distrito

Don Knabe, Supervisor, Cuarto Distrito

Michael D. Antonovich, Supervisor, Quinto Distrito

Esta Iniciativa tambien esta apollada por First 5 LA y INFO LINE de Los Angeles.



## ¿Qué es la Ley de Entrega de Bebés Sin Peligro?

La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres pueden entregar a su recién nacido sin temor a ser arrestados o procesados.

## ¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura, dentro de los tres días del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazalete y el padre/madre recibirá un brazalete igual.

## ¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden empezar el proceso de redamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles, al 1-800-540-4000.

## ¿Sólo los padres podrán llevar al recién nacido?

En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

## ¿Los padres deben llamar antes de llevar al bebé?

No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

## ¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

## ¿Qué ocurrirá con el bebé?

El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

## ¿Qué pasará con el padre/madre?

Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

## ¿Por qué California hace esto?

La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde recurrir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

## Historia de un bebé

A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

Cada recién nacido merece una oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele qué otras opciones tiene.

*Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarnos a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.*

## EXHIBIT J: PERFORMANCE STANDARDS

### PERFORMANCE STANDARDS

The County and Contractor, including its affiliates and/or its subcontractors, agree to the following performance standards and applicable penalties. Contractor shall evaluate its performance each month, unless otherwise indicated below. The County shall receive a credit equal to the penalty for non-performance on the next monthly invoice immediately following the evaluation period for recordkeeping fees from Contractor.

### PERFORMANCE STANDARDS

Standard	Non-Performance Penalty
<b>Check Distribution</b>  All distributions (including financial hardship withdrawals, loans, rollovers out, and benefit payment distributions) received in good order will be processed and mailed within two business days after receipt (receipt before 1 p.m. Pacific time) at Great-West's home office.	Ninety (90) percent of distributions will be completed within two (2) business days measured on an annual 12-month basis, or a non-performance penalty of \$1,000 will be paid to the plan. Evaluation will be made annually for the prior twelve (12) month period ending June 30 <sup>th</sup> .
<b>Statement Distribution</b>  All participant statements will be mailed within fifteen (15) business days following the end of each calendar quarter or within twelve (12) business days after receipt of required information from all third-party sources, whichever is later. (Such information shall include, but not be limited to, final fund values, investment returns information, and approval by the plan sponsor of the quarterly custom participant newsletter.)	If all required information is received and all participant statements have not been mailed within fifteen (15) business days following the end of calendar quarter or within twelve (12) business days after receipt of such information, a non-performance penalty of \$500 will be paid to the plan for that quarter.
<b>Contribution processing</b>  100 percent of contributions will be posted the same business day if received in good order prior to 1 p.m. Pacific Time. Contributions will be invested according to allocation instructions received at least one business day prior.	Any errors corrected to this standard will be at the expense of Great-West, and a non-performance penalty of \$500 will be paid to the plan. Evaluation will be made each quarter.



## EXHIBIT J: PERFORMANCE STANDARDS

<p><b>Account transactions</b></p> <p>100 percent of participant initiated changes to their deferral percentage, contribution allocations, and fund to fund transfers transacted through the website, VRU, or client services assisted will be posted the same business day if received in good order prior to 1 p.m. Pacific Time.</p>	<p>Any errors corrected to this standard will be at the expense of Great-West, and a non-performance penalty of \$500 will be paid to the plan. Evaluation will be made each quarter.</p>
<p><b>Customer Service Representative (CSR) Responsiveness</b></p> <p>All participant telephone calls to the Great-West home office client services department and the automated interactive voice response system, combined, will be answered within an average of thirty (30) seconds, an average delay to speak to a client service representative not to exceed ninety (90) seconds, and abandoned calls not to exceed 10% of all calls received during the month.</p>	<p>Contractor is expected to respond to participant calls within all the average time parameters set forth, or a non-performance penalty of \$100 will be paid to the plan. Evaluation will be made each quarter.</p>
<p><b>Participant Satisfaction</b></p> <p>In accordance with the participant surveys as outlined in the Statement of Work, Contractor will conduct participant surveys to evaluate and monitor participant satisfaction with the plan. Such survey(s) will include an evaluation of recordkeeping and administrative services, plan benefit design/options, participant customer services provided by Great-West, and other items mutually agreeable to the County and Great-West. The average score will be based upon a mutually agreed upon weighting of each applicable category surveyed prior to the release of the survey. The survey may be conducted via the plan's Web site.</p>	<p>Contractor is expected to achieve an overall rating of satisfactory or better (average of 3 or above on a scale of 1 to 5) for questions related to Contractor responsible services, or a non-performance penalty of \$1,000 will be paid to the plan.</p> <p>If the Contractor does not achieve a satisfactory or better rating for a specific service within two consecutive years, a non-performance penalty of \$250 for that specific non-performance will be paid to the plan that second year.</p> <p>Evaluation will be made no later than June 30<sup>th</sup> of the survey year.</p>



## EXHIBIT J: PERFORMANCE STANDARDS

Performance Standards without Financial Penalties – the following standards do not include penalties for non-performance, although the Contractor agrees to monitor and report quarterly on the standards listed. Reporting shall include a description of how each standard was met, or not met. For any standards that are not met, a corrective plan of action will be provided by the Contractor to describe steps taken to avoid non-performance in the future.

Category	Standard
Transition team	The Contractor shall assign a dedicated transition manager and lead transition coordinators for major deliverables including, but not limited to, systems, communications, and reconciliation. The transition manager shall establish a system of weekly (or other frequency as determined by the County) status updates to be provided to the contact at the County.
Five on-site field representatives dedicated to Plan	The Contractor shall maintain the equivalent of five dedicated on-site representatives, including one administrative staff member to provide education, enrollment, and other services agreed to by the County and are expected to have regular daily contact with participants. Any staffing vacancies shall be filled within 90 days of the vacancy. Field representatives shall be fully licensed in accordance with all federal, state, and securities regulatory agencies at all times.
Field representative meetings	Field representatives shall provide a minimum of 700 facility site visits and 10,000 one-on-one meetings in person annually. Number of meetings shall be tracked and reported quarterly.
Notification to participants with Required Minimum Distributions	Participants requiring minimum required distributions shall be identified, mailed correspondence and election forms (if appropriate) no later than by October 31 <sup>st</sup> of each calendar year.
Distribution of enrollment material	Enrollment materials should be

## EXHIBIT J: PERFORMANCE STANDARDS

Category	Standard
	mailed within 2 business days after request is made.
Distribution of termination material	Distribution forms should be mailed within 2 business days after request is made.
Excess system capacity requirements – web	Average of 25% excess capacity shall be maintained.
Excess system capacity requirements – VRU	Average of 25% excess potential/flexibility capacity shall be maintained.
Excess system capacity requirements – processing	Average of 25% excess potential/flexibility capacity shall be maintained.
Response time for resolving issue when research is required (contact initiated through service reps)	Written complaints will be responded to within 10 business days. Will report unresolved complaints to County after 30 days.
Maximum lead time for adding a new fund (for system changes)	15 business days if the new fund is part of the Contractor alliance of funds. 40 business days if the new fund is not part of the Contractor alliance.
Availability of recordkeeping system (exclusive of routine maintenance)	99.5 % availability out of 24 hours per day, 7 days a week; maintenance should not be scheduled for prime time and should not exceed 48 hours per month.
Disaster recovery procedures	The Contractor shall develop and maintain a disaster recovery plan. A copy of the plan shall be shared with the County upon request.
System recovery following disaster	In the event of a disaster, all primary and critical system functionality will be brought back online within 24 hours.
Statement of Accounting Standards (SAS) 70 Audit	The Contractor shall conduct an annual SAS 70 audit of its recordkeeping controls and procedures. A copy of the audit shall be provided to the County within 60 days of completion annually.
Payment of withdrawals	Processed same day, check mailed following business day.



# EXHIBIT J: PERFORMANCE STANDARDS

Category	Standard
Payment of distributions	Processed same day, check mailed following business day.
Payment of loans	Processed same day, check mailed following business day.
Mailing of confirmations	Mailed within two business days of request
Ad-hoc reports	Customized reports will be delivered within 10 business days of request.